Financial Statements

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Consolidated Financial Statements

Consolidated Income Statement

in thousands of EUR	Notes	2014	2013
Revenue	6	2,816,994	2,620,180
Cost of sales and direct related expenses	7	- 743,712	- 671,743
Gross profit		2,073,282	1,948,437
Selling and marketing costs	7	- 1,445,702	- 1,376,839
General and administrative costs	7	- 341,667	- 302,857
Share of result of associates	9	2,696	1,411
Operating result		288,609	270,152
Financial income	10	4,410	6,745
Financial costs	10	- 38,776	- 47,778
Financial result		- 34,366	- 41,033
Result before tax		254,243	229,119
Income tax	11	- 79,682	- 73,204
Result for the year		**174,561**	**155,915**
Attributable to:			
Equity holders		161,203	141,473
Non-controlling interests		13,358	14,442
		174,561	155,915
Earnings per share, basic and diluted (in EUR per share)	12	12.86	11.29

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Other Comprehensive Income

in thousands of EUR	Notes	2014	2013
Result for the year		174,561	155,915
Other comprehensive income:			
Items that will not be reclassified to profit and loss			
Remeasurement of post-employment benefit obligations	23	- 22,064	2,809
Income tax		6,308	- 758
		- 15,756	2,051
Items that may be subsequently reclassified to profit and loss			
Currency translation differences	23	- 2,871	- 36,437
Change in fair value of interest rate swaps		2,533	4,887
Income tax effect		- 655	- 2,141
		- 993	- 33,691
Other comprehensive income/ loss (net of tax)		- 16,749	- 31,640
Total comprehensive income for the year (net of tax):		**157,812**	**124,275**
Attributable to:			
Equity holders		145,938	111,525
Non-controlling interests		11,874	12,750
		157,812	124,275

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

in thousands of EUR	Notes	31 December 2014	31 December 2013
ASSETS			
Non-current assets			
Property, plant and equipment	13	407,727	358,905
Goodwill	14	885,855	726,321
Other intangible assets	15	448,240	397,020
Deferred income tax assets	25	80,912	48,356
Associates	18	34,967	33,584
Other non-current assets	17	50,530	44,923
		1,908,231	1,609,109
Current assets			
Inventories	19	239,657	192,620
Trade and other receivables	20	257,301	228,951
Current income tax receivables		7,716	7,813
Derivative financial instruments	30	891	143
Cash and cash equivalents	21	134,095	102,562
		639,660	532,089
Total assets		**2,547,891**	**2,141,198**
EQUITY AND LIABILITIES			
Equity attributable to equity holders			
Share capital	22	61,535	27,775
Other reserves		- 54,775	- 38,705
Retained earnings		616,130	512,616
		622,890	501,686
Non-controlling interests	23	**45,327**	**44,366**
Total equity		**668,217**	**546,052**
Non-current liabilities			
Borrowings	24	960,463	844,823
Deferred income tax liabilities	25	141,378	117,086
Post-employment benefits	26	85,849	54,641
Provisions	27	27,727	31,931
Derivative financial instruments	30	2,508	-
Other non-current liabilities		15,859	-
		1,233,784	1,048,481
Current liabilities			
Trade and other payables	29	503,058	390,987
Current income tax liabilities		19,538	33,058
Borrowings	24	92,914	89,184
Derivative financial instruments	30	1,537	6,011
Provisions	27	28,843	27,425
		645,890	546,665
Total liabilities		**1,879,674**	**1,595,146**
Total equity and liabilities		**2,547,891**	**2,141,198**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Shareholders' Equity

		Attributable to the equity holders							
in thousands of EUR	Notes	Share capital	Cumu-lative currency trans-lation reserve	Cash flow hedge reserve	Actuarial gains/ (losses)	Retained earnings	Total	Non-control-ling interest	Total equity
Balance at 1 January 2013		**23,439**	**107**	**- 6,825**	**- 2,039**	**373,393**	**388,075**	**42,444**	**430,519**
Result for 2013		-	-	-	-	141,473	141,473	14,442	155,915
Other comprehensive income		-	- 34,745	2,746	2,051	-	- 29,948	- 1,692	- 31,640
Total comprehensive income		-	- 34,745	2,746	2,051	141,473	111,525	12,750	124,275
Acquisitions of NCI	23	-	-	-	-	-	-	- 2,745	- 2,745
Capital contribution		2,086	-	-	-	-	2,086	-	2,086
Issue of share capital	22	2,250	-	-	-	- 2,250	-	-	-
Dividends	23	-	-	-	-	-	-	- 8,083	- 8,083
Total transactions with equity holders		4,336	-	-	-	- 2,250	2,086	- 10,828	- 8,742
Balance at 31 December 2013		27,775	- 34,638	- 4,079	12	512,616	501,686	44,366	546,052
Balance at 1 January 2014		**27,775**	**- 34,638**	**- 4,079**	**12**	**512,616**	**501,686**	**44,366**	**546,052**
Result for 2014		-	-	-	-	161,203	161,203	13,358	174,561
Other comprehensive income		-	- 2,286	1,878	- 15,662	805	- 15,265	- 1,484	- 16,749
Total comprehensive income		-	- 2,286	1,878	- 15,662	162,008	145,938	11,874	157,812
Acquisitions of subsidiaries	5,23	-	-	-	-	- 55,494	- 55,494	- 999	- 56,493
Issue of share capital	22	4,019	-	-	-	- 3,000	1,019	-	1,019
Long-term incentive plan	28	29,741	-	-	-	-	29,741	-	29,741
Dividends	23	-	-	-	-	-	-	- 9,914	- 9,914
Total transactions with equity holders		33,760	-	-	-	- 58,494	- 24,734	- 10,913	- 35,647
Balance at 31 December 2014		**61,535**	**- 36,924**	**- 2,201**	**- 15,650**	**616,130**	**622,890**	**45,327**	**668,217**

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

in thousands of EUR	Notes	2014	2013
Cash flows from operating activities			
Cash generated from operations	31	477,315	391,653
Tax paid		- 96,978	- 58,456
Net cash from operating activities		**380,337**	**333,197**
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash acquired	5	- 233,169	- 13,901
Investment in associates and property		- 1,269	- 931
Purchase of property, plant and equipment	13	- 131,868	- 96,533
Proceeds from sales of property, plant and equipment		3,993	4,346
Purchase of intangible assets	15	- 26,442	- 16,635
Proceeds from sales of intangible assets		2,727	2,305
Other non-current receivables		3,660	-
Dividends received	18	3,305	2,700
Interest received		5,319	5,262
Net cash used in investing activities		**- 373,744**	**- 113,387**
Cash flows from financing activities			
Proceeds from shareholder contribution		-	1,886
Proceeds from borrowings		999,051	147,539
Repayment of shareholder loan		- 325,000	- 75,000
Repayments of other borrowings		- 602,328	- 282,139
Interest swap payments		- 4,437	- 4,770
Acquisition of non-controlling interest		-	- 668
Dividends paid		- 9,914	- 8,083
Interest paid		- 28,231	- 37,557
Net cash generated from/ (used in) financing activities		**29,141**	**- 258,792**
Increase / (decrease) in cash and cash equivalents		**35,734**	**- 38,982**
Movement in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		22,161	55,090
Increase / (decrease) in cash and cash equivalents		35,734	- 38,982
Exchange gains/ (losses) on cash and cash equivalents		- 3,490	6,053
Cash and cash equivalents at end of year	21	**54,405**	**22,161**

The accompanying notes are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 General Information

GrandVision BV ('the Company') was incorporated on 8 July 2010 as a private limited liability company (*Besloten Vennootschap*) and is incorporated and domiciled in the Netherlands. The address of its registered office is as follows: World Trade Center Schiphol Airport, Tower G, 5th floor, Schiphol Boulevard 117, 1118 BG Schiphol, the Netherlands. GrandVision BV was converted into a public limited liability company under Dutch law (*Naamloze Vennootschap)* on 5 February 2015.

As of 31 December 2014 GrandVision is 98.57% owned by HAL Optical Investments B.V. The remaining shares are held by the Management Board and certain members of senior management of GrandVision. The ultimate controlling entity is HAL Holding NV. All HAL Holding NV shares are held by HAL Trust and form the Trust's entire assets. HAL Trust units are listed on Euronext Amsterdam. Following the IPO on 6 February 2015 the ownership of HAL reduced to 76.72% (per publication date of these consolidated financial statements).

GrandVision and its subsidiaries (together referred to as 'the Group') comprise a number of optical retail chains operated under different retail banners. As of 31 December 2014, the Group, including its associates, operates 5,814 optical retail stores (including franchise stores) in Argentina, Austria, Bahrain, Belgium, Brazil, Bulgaria, Chile, China, Colombia, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, India, Ireland, Italy, Kuwait, Luxembourg, Malta, Mexico, Monaco, Norway, Oman, Peru, Poland, Portugal, Russia, Qatar, Saudi Arabia, Slovakia, Spain, Sweden, Switzerland, the Netherlands, the United Arab Emirates, Turkey, the United Kingdom and Uruguay. An overview of the main subsidiaries can be found in note 37. At year-end 2014 the average number of employees measured in full-time equivalents within the Group (excluding associates) was 25,776.

2 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of Preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted within the European Union. These consolidated financial statements are in continuation to the special purpose financial statements for the year ended 31 December 2013. The financial statements are presented in euros (€). Amounts are shown in thousands of euros unless otherwise stated. The euro is the presentation currency of the Group. Preparing the financial statements in accordance with IFRS means that management is required to make assessments, estimates and assumptions that influence the application of regulations and the amounts reported for assets, equity, liabilities, commitments, income and expenses. The estimates made and the related assumptions are based on historical experience and various other factors, such as relevant knowledge, which are considered to be reasonable under the given circumstances. The IFRS financial statements have been prepared under the historical cost convention except for financial derivatives, long-term incentive plans and post-employment benefits. The estimates and assumptions serve as the basis for assessing the value of recognized assets and liabilities whose amounts cannot currently be determined from other sources. However, actual results may differ from the estimates. Estimates and underlying assumptions are subject to constant assessment. Changes in estimates and assumptions are recognized in the period in which the estimates are revised.

The areas involving higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 4.

2.2 Changes in Accounting Policy and Disclosures

2.2.1 New and Amended Standards and Interpretations Adopted by the Group

The new and amended standards and interpretations effective for the current reporting period listed below have been adopted by the Group and implemented as of 1 January 2014 with retrospective application.

- IAS 32, 'Financial Instruments: Presentation,' effective for annual periods beginning on or after 1 January 2014. These amendments are to the application guidance in IAS 32, and clarify some of the requirements for offsetting financial assets and financial liabilities on the balance sheet. The amendments have no effect on the reporting of the Group.
- IAS 36, 'Impairment of Assets,' effective for annual periods beginning on or after 1 January 2014. This amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment has no impact on the reporting of the Group.
- IAS 39, 'Novation of Derivatives,' effective for annual periods beginning on or after 1 January 2014. This amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counter party meets specified criteria. The amendment has no effect on the reporting of the Group.

2.2.2 New Standards, Amendments and Interpretations Issued But Not Effective for the Reported Period and Not Adopted Early

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these consolidated financial statements.

The following standards, amendments and interpretations will be adopted by the Group at the moment they become effective:

- IFRS 9, 'Financial Instruments,' effective date 1 January 2018. IFRS 9 is the first standard issued as part of a wider project to replace IAS 39. IFRS 9 retains but simplifies the mixed-measurement model and establishes two primary measurement categories for financial assets: amortized cost and fair value. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. The guidance in IAS 39 on impairment of financial assets and hedge accounting continues to apply. The standard is effective for accounting periods beginning on or after 1 January 2018. GrandVision will assess the impact over the following years.
- IFRS 15, 'Revenue from Contracts with Customers' deals with revenue recognition and establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control and thus has the ability to direct the use and obtain the benefits. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Group is assessing the impact of IFRS 15.

2.3 Group Accounting

2.3.1 Subsidiaries

Subsidiaries are those entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and are no longer

consolidated from the date that control ceases. All intercompany transactions, balances and unrealized gains on transactions between Group companies are eliminated; unrealized losses are also eliminated.

Apollo-Optik Holding GmbH & Co. KG is included in the consolidated financial statements of GrandVision N.V. and takes advantage of the exemption provision of Section 264 b HGB for financial year 2014. The statutory duty to prepare consolidated financial statements and a group management report does not apply to the subgroup of Apollo-Optik Holding GmbH & Co. KG pursuant to Section 291 HGB in conjunction with Section 1 et seqq. KonBefrV because Apollo-Optik Holding GmbH & Co. KG and its subsidiaries are included in the consolidated financial statements of GrandVision N.V.

Apollo-Optik GmbH is included in the consolidated financial statements of GrandVision N.V. and takes advantage of the exemption provision of Section 264 (3) HGB for financial year 2014.

2.3.2 Business Combinations

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired, and liabilities and contingent liabilities assumed, in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. On an acquisition-by-acquisition basis, the Group recognizes any non-controlling interest in the acquired subsidiary either at fair value or at the non-controlling interest's proportionate share of the acquired subsidiary's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquired subsidiary and the acquisition-date fair value of any previous equity interest in the acquired subsidiary over the fair value of the Group's share of the identifiable net assets acquired are recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the Income Statement.

GrandVision applies the anticipated acquisition method where it has the right and the obligation to purchase any remaining non-controlling interest (so-called put/call arrangements). Under the anticipated acquisition method the interests of the non-controlling shareholder are derecognized when the Group's liability relating to the purchase of its shares is recognized. The recognition of the financial liability implies that the interests subject to the purchase are deemed to have been acquired already. Therefore the corresponding interests are presented as already owned by the Group even though legally they are still non-controlling interests. The initial measurement of the fair value of the financial liability recognized by the Group forms part of the contingent consideration for the acquisition.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability will be recognized in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for in equity.

Acquisition-related expenses are taken into the Income Statement at the moment they are incurred.

2.3.3 Common Control Acquisitions

Acquisitions made by the Group, acquired from the parent company (HAL Holding), are treated as common control transactions and predecessor accounting is applied. Under predecessor accounting no purchase price allocation is performed. The acquired net assets are included in the GrandVision consolidation at carrying value as included in the consolidation of HAL Holding. The difference between the consideration transferred and the net assets is recognized in equity.

2.3.4 Transactions and Non-Controlling Interests

The transactions with non-controlling interests are accounted as transactions with equity holders of the Group. For purchases of non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of the net assets of the subsidiary is deducted from equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2.3.5 Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding between 20% and 50% of the voting rights. Investment in associates is accounted for using the equity method and initially recognized at cost. The Group's investment in associates includes goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition results is recognized in the Income Statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealized results on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

The Group determines at each reporting date whether there is an objective evidence that an investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in 'share of result of associates' in the Income Statement.

2.3.6 Joint Ventures

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group's interest in the joint arrangement in India is treated as an associate and accounted for at net equity value. For more details regarding the accounting treatment refer to note 2.3.5.

2.4 Foreign Currency

2.4.1 General

Items in the financial statements of the various Group companies are measured in the currency of the primary economic environment in which each entity operates (the functional currency). The consolidated financial statements are presented in euros (€), this being GrandVision's presentation currency.

2.4.2 Transactions, Balances and Translation

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies, are recognized in the Income Statement, except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign currency results that relate to borrowings and cash and cash equivalents are presented in the Income Statement within the financial result. All other foreign exchange gains and losses are presented in the Income Statement under the operating result to which the foreign currency result relates.

2.4.3 Foreign Subsidiaries

The assets and liabilities of foreign subsidiaries, including goodwill and fair value adjustments arising on consolidation, are translated into the presentation currency at the exchange rate applicable at the balance sheet date. The income and expenses of foreign subsidiaries are translated into the presentation currency at rates approximate to the exchange rates applicable at the date of the transaction. Resulting exchange differences are recognized in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as local currency assets and liabilities of the foreign entity and are translated at the closing rate.

2.5 Segmentation

An operating segment is defined as a component of the Company that engages in business activities from which it may earn revenues and incur expenses. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. These operating segments were defined based on geographic markets. All operating segments operate in optical retail and do not have additional lines of business or alternative sources of revenue from external customers other than optical retail. The operating segments are in line with the reporting segments. There has been no aggregation of operating segments into reporting segments. The operating segments' operating result is reviewed regularly by the CEO and CFO (the Management Board) – together, the chief operating decision-maker – which makes decisions as to the resources to be allocated to the segments and assesses their performance, based on discrete financial information available.

The Company's reportable segments are defined as follows:

- G4
- Other Europe
- Latin America & Asia

2.6 Revenue Recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of products or services in the ordinary course of the Group's activities. Revenue is shown net of value-added tax, returns, rebates and discounts and after eliminating revenue within the Group.

The Group recognizes revenue when the amount of revenue can be reliably measured and it is probable that future economic benefits will flow to the entity. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the revenue have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each agreement.

The Group operates multiple chains of retail outlets for selling optical products including insurance related to these products. Revenue is recognized only when the earning process is complete. This means that any prepayments made by customers are not considered as revenues yet and should be accounted for as deferred income. The earning process is considered complete upon delivery to the customer. The moment of ordering by the customer is not a determining factor. Retail revenue is usually in cash or by debit or credit card. Insurance-related income is recognized based upon historical data regarding claim ratios and upon the duration of the insurance contracts.

Merchandise revenue mainly comprises sales to franchisees. The earning process is considered complete upon delivery to the franchisee and when the entity has transferred significant risks and rewards of ownership of the products to the buyer and does not retain continuing managerial involvement or control over the products sold.

Franchise royalty is recognized on an accrual basis in accordance with the substance of the relevant agreements.

Other revenues comprise supplier allowances and any other revenue. Supplier allowances are only recognized as revenue if there is no direct relationship with a purchase transaction; otherwise the supplier allowance is deducted from cost of revenue.

It is the Group's policy to sell its products to the retail customer with a right to return. Experience is used to estimate and provide for such returns at the time of sale as described in note 2.22.3.

2.7 Customer Loyalty

The Group operates customer loyalty programs in several countries. In these programs customers accumulate points for purchases made or receive vouchers for rebates on future purchases. The reward points and vouchers are recognized as a separately identifiable component of the initial sale transaction by allocating the fair value of the consideration received between the award points or vouchers and the other components of the sale such that the reward points are initially recognized as deferred income at their fair value. Revenue from the reward points and vouchers is recognized when the points and vouchers are redeemed. Reward points and vouchers expire after a number of months after initial sales depending on each loyalty program.

2.8 Operating Lease

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Income Statement on a straight-line basis over the period of the lease.

2.9 Financial Income

Financial income comprises interest received on outstanding monies and upward adjustments to the fair value, interest result of foreign currency derivatives and net foreign exchange results.

2.10 Financial Costs

Financial costs comprise interest due on funds drawn, calculated using the effective interest method, downward adjustments to the fair value and realized value of derivative financial instruments, other interest paid, commitment fees, the amortization of transaction fees related to borrowings and net foreign exchange results.

2.11 Property, Plant and Equipment

Property, plant and equipment is stated at historical cost less depreciation. Depreciation is calculated using the straight-line method to write off the cost of each asset to its residual value over its estimated useful life.

Useful lives used are:

Buildings	30 years
Leasehold and building improvements	5 – 10 years
Machinery	6 – 10 years
Furniture and fixtures	7 – 10 years
Other equipment	5 – 7 years
Computer and telecom equipment	4 – 5 years
Vehicles	5 years

The useful lives and the residual values of the assets are subject to an annual review.

Where the carrying amount of an asset is higher than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the operating result under the relevant heading. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Income Statement during the financial period in which they are incurred.

Property, plant and equipment acquired via a financial lease is carried at the lower of fair value and the present value of the minimum required lease payments at the start of the lease, less cumulative depreciation and impairment (see note 2.14). Lease payments are recognized in accordance with note 2.19. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

2.12 Goodwill

Goodwill arises from the acquisition of subsidiaries and represents the excess of the consideration transferred over the fair value of the Company's share of the net identifiable assets, liabilities and contingent liabilities of the acquired investment in an associate or subsidiary at the date of obtaining control. For the purpose of impairment testing, goodwill is allocated to those groups of cash-generating units expected to benefit from the acquisition. Each of those group of cash-generating units represents the Group's investment in a country or group of countries, which is the lowest level at which the goodwill is monitored for internal management purposes. Goodwill is not amortized but is subject to annual impairment testing (note 2.14). Any impairment is recognized immediately as an expense and is not subsequently reversed.

Any negative goodwill resulting from acquisitions is recognized directly in the Income Statement.

If an entity is divested, the carrying amount of its goodwill is recognized in the Income Statement. If the divestment concerns part of a group of cash-generating units, the amount of goodwill written off and recognized in income is determined on the basis of the relative value of the part divested compared to the value of the group of cash-generating units. Goodwill directly attributable to the divested unit is written off and recognized in the Income Statement.

2.13 Other Intangible Assets

2.13.1 Software

Acquired software is capitalized on the basis of the costs incurred to acquire and to bring to use the specific software. Software is amortized when the product is put in operation and charged to the Income Statement using the straight-line method, based on an estimated useful life of 5 years.

Costs incurred on development projects (i.e. internally developed software) are recognized as an intangible asset when the following criteria are met:

- It is technically feasible to complete the product so that it will be available for use;
- Management intends to complete the product and use it;
- The product can be used;
- It can be demonstrated how the product will generate probable future economic benefits;
- Adequate technical, financial and other resources to complete development and use the product are available;
- The expenditure attributable to the software product during its development can be reliably measured.

The project expenditure that is capitalized includes purchase prices and the directly attributable employee costs. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

2.13.2 Key Money & Rights of Use

Key money represents expenditure associated with acquiring existing operating lease agreements for company-operated stores ('key money') in countries where there is an active market for key money (e.g. regularly published transaction prices), also referred to as 'rights of use'. Key money is not amortized but annually tested for impairment. Key money paid to previous tenants in countries where there is not an active market for key money, and key money paid to landlords (i.e. in the case of operating leases), is recognized as prepaid rent within other non-current assets and the short-term amount in trade and other receivables and amortized over the contractual lease period.

2.13.3 Trademarks

Trademarks are initially recognized at fair value using the relief-from-royalty approach. The fair value is subsequently regarded as cost. Trademarks have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the estimated useful life but not longer than 15 years.

2.13.4 Customer Database

Customer databases are only recognized as an intangible asset if the Company has a practice of establishing relationships with its customers and when the Company is able to sell or transfer the customer database to a third party. The customer databases are initially recognized at fair value using the discounted cash flow method. The fair value is subsequently regarded as cost. Customer databases have a finite useful life and are carried at cost less accumulated amortization. Amortization is calculated using the straight-line method over the estimated useful life but no longer than 15 years.

2.13.5 Reacquired Rights

As part of a business combination, an acquirer may acquire a right that it had previously granted to the acquiree to use one or more of the acquirer's recognized or unrecognized assets. Examples of such rights include a right to use the acquirer's trade name under a franchise agreement. A reacquired right is an identifiable intangible asset that the acquirer recognizes separately from goodwill. Also, a right or an obligation disappearing because of a business combination is a reacquired right and is recognized separately from goodwill in a business combination. Reacquired rights are initially valued at the present value of the future expected future cash flows, which is

subsequently used as cost and amortized on a straight-line basis over its useful life, being the remaining contractual period, but not exceeding 10 years.

2.13.6 Franchise Contracts

Franchise contracts acquired in a business combination are initially valued at fair value, being the present value of the estimated future cash flows, which is subsequently used as cost and amortized on a straight line basis over its useful life, being the remaining duration of the franchise contract but not exceeding 10 years.

2.14 Impairment of Non-Financial Assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is determined using the discounted cash flow method applying a discount factor derived from the average cost of capital. If the discounted cash flow method results in a lower value than the carrying value, the recoverable amount is determined by the fair value less costs of disposal, which is determined by a multiple on the average sales of the last three years. The multiple is based on peers of GrandVision and/or recent market transactions, taking into account risk factors of the CGU for which the fair value less costs of disposal is calculated.

For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

Impairments are recognized in the Income Statement. Impairment recognized in respect of cash-generating units is first allocated to goodwill and then to other assets of the cash-generating unit on a pro rata basis based on the carrying amount of each asset in the cash-generating unit.

2.15 Financial Instruments

Financial assets

The Group classifies its financial assets in the following categories: at fair value through profit or loss; loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and assesses the designation at every reporting date.

Trade and other receivables are recognized initially at fair value. A provision for impairment of trade and other receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The provision is recognized in the Income Statement within selling and marketing costs. When a receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against selling and marketing costs in the Income Statement.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Initial recognition of loans is at fair value; subsequently the loans are stated at amortized costs using the effective interest method.

The Group has granted loans to certain members of the management of the Group and to management of the subsidiaries. The loans are secured by pledges on the shares held by management. The applied interest rates are based on effective interest rates. The net receivable is initially recognized at fair value; subsequently the receivable is stated using the effective interest method, which equals the nominal interest. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Financial assets at fair value through profit or loss
Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading unless they are designated as hedges. Shareholdings in commercial centers where stores are operated are also classified under this category.

Shareholdings
The Company owns certain limited shareholdings in commercial centers or buildings where the Company is operating stores. These shareholdings are accounted for against fair value, based on recent transactions. A change in the fair value is recognized in the Income Statement.

Impairment of financial assets
The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that the loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

For the 'loans and receivables' category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the reversal of the previously recognized impairment loss is recognized in the consolidated income statement.

Financial liabilities

Derivative financial instruments
A derivative is a financial instrument or other contract with all three of the following characteristics:

1. its value changes in response to a change in other variables such as a specified interest rate or a foreign exchange rate; and
2. it requires no initial net investment or an initial net investment that is significantly smaller than the value of the underlying notional amount; and
3. it is settled at a future date. Derivatives are initially recognized at fair value (based on external valuation performed by financial institutions or other valuation techniques) on the date a derivative contract is entered into, and are subsequently remeasured at their fair value based on external valuations performed by financial institutions or other valuation techniques such as mathematical models (Black-Scholes).

The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged.

The Group uses derivative financial instruments principally in the management of its interest and foreign currency cash flow risks. Applying IAS 39, the Group measures all derivative financial instruments based on fair values derived from external quotes of the instruments.

Derivative financial instruments are initially recognized in the balance sheet at fair value on the date a derivative contract is entered into (trade date) and are subsequently remeasured at their fair value.

Hedge accounting
The Company designates certain derivatives as either:

1. hedges of highly probable forecast transactions (cash flow hedges);
2. hedges of the fair value of recognized assets and liabilities or a firm commitment (fair value hedges).

The Company documents, at the inception of the transaction, the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Company also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are being used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items.

Cash flow hedge
The highly effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the consolidated statement of income. Amounts accumulated in equity are recycled in the consolidated statement of income in the periods when the hedged item affects profit or loss. However, when the projected transaction that is hedged results in the recognition of a non-financial asset (for example inventory) or a liability, the gains and losses previously deferred in shareholders' equity are transferred from equity and included in the initial measurement of the cost of the asset or liability. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognized when the projected transaction is ultimately recognized in the consolidated statement of income. When a projected transaction is no longer expected to occur, the cumulative gain or loss that was reported in shareholders' equity is immediately transferred to the consolidated statement of income in 'financial costs'. For the movements in the cash flow hedge refer to the consolidated statement of changes in shareholders' equity.

Fair value hedge
Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the consolidated statement of income as financial costs, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Company uses its judgment to select a variety of methods and makes assumptions that are mainly based on market conditions existing at each statement of financial position date. Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognized immediately in the consolidated statement of income as financial costs.

On the date a derivative contract is entered into, the Group designates interest rate swaps or foreign currency swaps and options (hedge instruments) as a hedge of the exposure to the fluctuations in the variable interest rates on borrowings or foreign currency rates on transactions (hedged items).

When it is determined that a derivative is not highly effective as a hedge or that it has ceased to be a highly effective hedge, the Group discontinues hedge accounting prospectively. Any ineffectiveness is recognized in the Income Statement.

Interest payments and receipts arising from interest rate derivatives such as interest rate swaps are matched to those arising from the underlying debt. Payments made or received in respect of the early termination of interest rate derivatives are spread over the term of the originally hedged

borrowing so long as the underlying exposure continues to exist and are matched with the interest payments on the underlying borrowing.

The fair values of derivative instruments used for hedging purposes are disclosed in note 30. Movements on the hedging reserve are shown in other comprehensive income. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months. It is classified as current asset or liability when the remaining maturity of the hedged item is less than 12 months.

Borrowings
Borrowings are initially recognized at fair value, net of transaction costs incurred, and subsequently recognized at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the Income Statement during the term of the borrowing using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to postpone settlement of the liability for at least 12 months after the balance sheet date.

2.16 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined by the weighted average cost method. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Costs of inventories include the transfer from equity of any gains and losses on qualifying cash flow hedges on purchases of inventories.

2.17 Cash and Cash Equivalents

Cash and cash equivalents comprise bank balances, which are available on demand and are carried in the balance sheet at face value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the balance sheet, bank overdrafts are included in borrowings in current liabilities.

The cash pooling agreement is reported as a net amount as there is a legally enforceable right to offset and an intention to settle on a net basis the debit and credit cash positions in different countries and currencies.

2.18 Share Capital

Ordinary shares are classified as equity attributable to equity holders. Costs directly connected to the issuance of new shares are deducted from the proceeds and recognized in equity.

Where the Company or its subsidiaries purchase the Company's equity share capital, the consideration paid, including any attributable transaction costs net of income taxes, is deducted from total shareholders' equity as treasury shares until they are canceled. Where such shares are subsequently sold or reissued, any consideration received, net of transaction costs, is included in shareholders' equity.

Dividends on ordinary and priority shares are recognized in equity in the reporting period in which they are declared.

2.19 Financial Leases

Lease contracts whereby the risks and rewards associated with the ownership lie wholly or primarily with the lessee are classified as financial leases. The minimum lease payments are recognized partly as financial costs and partly as settlement of the outstanding liability. The financial costs are charged to each period in the total lease period so as to produce a constant, regular interest rate on the outstanding balance of the liability. The interest element of the financial costs is charged to the Income Statement over the lease period.

The corresponding rental obligations, net of financial costs, are classified as current liabilities unless the Group has an unconditional right to postpone settlement of the liability for at least 12 months after the balance sheet date.

2.20 Current and Deferred Income Taxes

The tax expense for the period comprises current and deferred tax. Tax is recognized in the Income Statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized for loss carryforward to the extent that realization of the related tax benefit through the future taxable profits is probable. The Group assumes future taxable profits to be probable if a taxable entity has been profitable for two consecutive years and it is expected to maintain its profitability in future.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.21 Employee Benefits

2.21.1 Pension Obligations

The Group operates various post-employment schemes, including both defined benefit and defined contribution plans as well as post-employment medical plans.

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a post-employment benefit plan that is not a defined contribution plan. Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability in respect of defined benefit pension plans is the present value of the defined benefit of obligations at the balance sheet date minus the fair value of plan assets, together with adjustments for actuarial gains/losses and past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by the estimated future cash outflows using the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and which have terms of maturity approximating the terms of the related pension obligation.

The Group operates defined benefit plans in France, the Netherlands, Germany, Austria, Italy, Greece and Mexico. In the Netherlands the assets are held in separately administered funds. The pension plans are funded by payments by the relevant Group companies and partly by the employees (in the case of the Netherlands), taking account of the recommendations of independent qualified actuaries. Actuarial gains and losses related to both defined benefit obligations and fair value of plan assets arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognized immediately in the Income Statement.

In a number of countries the Groups runs defined contribution plans. The contributions are recognized as employee benefit expense when they are due. The Group has no further payment obligations once the contributions have been paid.

2.21.2 Other Post-Employment Obligations

Some countries provide post-employment healthcare benefits to their retirees. The entitlement to these benefits is conditional on the employee remaining in service up to retirement age and includes the estimation that (former) employees will make use of this arrangement. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for the defined benefit pension plans.

2.21.3 Long-Term Incentive Plans

Certain members of the senior management are rewarded with long-term incentive plans (LTIPs). The Group operates two long-term incentive plans.

Real share plan

The real share plan provides for the purchase of shares in the Company by eligible participants which are subject to a vesting term and requires the Company to make an offer to redeem 50% of the shares after a certain period of time, typically four years, and another offer to redeem the remaining 50% of the shares on the fifth-year anniversary of grant date. However, these redemption options were canceled upon listing of the Company's shares and the plan has been classified as an equity-settled share-based payment arrangement under IFRS 2 (note 28) instead of other long-term employee benefits recognized within the scope of IAS 19. Vesting of awards made under the real share plan is subject to a service condition that can vary between 3-5 years following the date of

grant. Expense is recognized over the vesting period and includes estimates for the number of shares that are expected to vest.

Phantom plan

The phantom plan provides eligible participants with the right to receive cash based on the appreciation in the Company's share price between the date of grant and the vesting date. Under the phantom plan, such eligible participants are granted a combination of phantom shares and phantom options. Phantom shares and phantom options are settled in cash and contain a service condition of 3-5 years and can contain in addition performance conditions based on the results of certain predetermined Company-related financial performance targets of respective business units in the organization which are treated as non-market vesting conditions. Under IFRS 2, for cash-settled share-based payment transactions, the fair value of the liability for the awards made is remeasured at each reporting date and at the settlement date. The fair value is recognized over the vesting period. The amount of expense recognized takes into account the best available estimate of the number of equity instruments expected to vest under the service and performance conditions underlying each phantom share and phantom option granted.

The estimate for the liability (and corresponding expense recognition) is affected by the probability of a listing since the estimated fair value of the Company's shares is higher than the value of the shares determined based on the internal fixed valuation measure used before application of IFRS 2 (note 28) and was recognized as 'other long-term employee benefits' within the scope of IAS 19. The best estimate of a listing occurring has been updated at each reporting period with changes to the liability recognized through the Income Statement.

Earn out obligations

The Group also has earn out obligations on the interests held by management of the subsidiaries in the subsidiaries. These non-controlling interests are recognized as financial liabilities in the balance sheet. Changes in the value of these non-controlling interests held by managements of the subsidiaries are recognized in the Income Statement.

2.22 Provisions

2.22.1 General

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

Provisions are classified as current liabilities unless the Group has an unconditional right to postpone settlement of the liability for at least 12 months after the balance sheet date. Provisions are not recognized for future operating losses.

2.22.2 Employee-Related Provisions

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.22.3 Warranty Provision

Provisions for the right of return are classified as warranty provisions. The provision is based on past experience and future expectations of warranty claims. Warranty costs are recognized in the Income Statement under cost of sales and direct related expenses.

2.22.4 Other Provisions

Other provisions are mainly related to restructruring provisions, guarantee provisions and legal claims which are valued at the present value of the expected cash outflow.

Restructuring provisions comprise lease termination penalties, future lease payments for closed stores and offices, and employee termination payments. Restructuring expenses due more than 12 months after the end of the reporting period are discounted to their present value.

Bank borrowings to franchisers of the Group are often secured by a guarantee given by the Group to the bank. The guarantees given are secured by the activities, store rental contracts, the inventories and store furniture of the franchisers. When a cash outflow is likely, a provision is formed, being the present value of the expected cash outflow. If a cash outflow is not likely, the guarantee is included in the contingent liabilities.

2.23 Trade Payables

Trade payables are obligations to pay for goods or services that have been acquired from suppliers in the ordinary course of business. Trade payables are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

2.24 Principles for the Statement of Cash Flows

The statement of cash flows is compiled using the indirect method. The statement of cash flows distinguishes between cash flows from operating, investing and financing activities. Cash flows in foreign currencies are translated at the rate at the transaction date. Income and expenditure before income tax on profit are recognized as cash flows from operating activities. Interest paid and received is included under cash flow from financing activities. Cash flows arising from the acquisition or disposal of financial interests (subsidiaries and participating interests) are recognized as cash flows from investing activities, taking into account any cash and cash equivalents in these interests. Dividends paid out are recognized as cash flows from financing activities.

3 Financial Risk Management

3.1 Financial Risk Factors

The Group's activities expose it to a variety of financial risks: market risks (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments to hedge certain risk exposures.

The Group's management provides principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, and the use of derivative and non-derivative financial instruments.

3.1.1 Market Risk

(i) Foreign exchange risk

Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency. The current Group treasury's risk management policy is to hedge the expected cash flows in its main currencies, mainly by making use of derivative financial instruments as described in note 2.15. The Group has cash flow and fair value hedges.

The Group operates largely in the 'eurozone', which comprises 62.52% (2013: 63.40%) of total revenue. Translation exposure to foreign exchange risk relates to those activities outside the eurozone; these activities were mainly limited to operations in the United Kingdom, Latin America, Eastern Europe, Scandinavia, Russia, Turkey, China and India, whose net assets are exposed to foreign currency translation risk. The currency translation risk is not hedged.

If the currencies of these operations had been 5% weaker against the euro with all other variables held constant, the Group's post-tax profit for the year would have been 1.0% lower (2013: 1.0% lower) and equity would have been 4.4% lower (2013: 3.7% lower).

Further foreign exchange risks with respect to commercial transactions are mainly limited to purchases of goods in Asia, which are mainly US dollar-denominated. This risk is considered low as these purchases, in value, represent a minor part of the total purchases made by the Company. Based on the treasury policy the risk is partly hedged and cash flow hedge accounting is applied when the transaction is highly probable. Fair value hedge accounting is applied when the invoice is received.

(ii) Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group generally borrows at variable rates and uses interest rate swaps as cash flow hedges of future interest payments, which have the economic effect of converting interest rates from floating rates to fixed rates. Under the interest rate swaps, the Group agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating interest rate amounts calculated by reference to the agreed notional principal amounts and benchmarks.

In 2014, an increase of 50 basis points in the three-month EURIBOR rate would have a negative impact of €633 (2013: €0) on income before taxes, taking hedging measures into account and with all other factors being equal, and based on the financial instruments at year-end. The increase of 50 basis points in the three-month EURIBOR would have a positive effect (before income taxes) of €1,491 (2013: €3,945) on other comprehensive income. A decrease of 50 basis points in the three-month EURIBOR rate would have a positive impact of €633 on income before taxes (2013: €0), taking hedging measures into account and with all other factors being equal. The decrease of 50 basis points would have a negative effect (before income taxes) of €1,610 (2013: €4,008) on other comprehensive income.

Note 30 describes which financial derivatives the Group uses to hedge the cash flow interest rate risk.

(iii) Price risk

Management believes that the price risk is limited, because there are no listed securities held by the Group and the Group is not exposed to commodity price risk.

3.1.2 Credit Risk

Credit risk is managed on a Group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale, retail customers and health insurance institutions, including outstanding receivables and committed transactions. The Group has no significant concentrations of credit risk as a result of the nature of its retail operations. In addition, in some countries all or part of the credit risk is transferred to credit card companies. Furthermore the Group has receivables from its franchisees. Management believes that the credit risk in this respect is limited, because the franchisee receivables are secured by pledges on the inventories of the franchisees. The utilization of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major debit and credit cards.

3.1.3 Liquidity Risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed and uncommitted overdraft credit facilities (immediately available funds) and committed medium-term facilities (available at 4 days' notice). Due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in funding by maintaining headroom of at least €200 million as a combination of cash at hand plus available committed credit facilities minus any overdraft balances and/or debt maturities with a tenor of less than one year. Group management monitors its liquidity periodically on the basis of expected cash flows, and local management of the operating companies in general monitors liquidity even more frequently.

GrandVision refinanced its former €800 million Senior Facility Agreement and settled the €325 million outstanding Subordinated Shareholder Loan from HAL. A new €1,200 million Senior Facility Agreement was entered into on 18 September 2014, maturing on 18 September 2019 with 2 one-year extension options which can be exercised by the borrower at the first and second anniversary of the facility. The new €1,200 million Senior Facility Agreement also includes a €100 million uncommitted accordeon feature, which can be exercised during the life of the facility after all lenders have consented. The interest rate on the drawings consists of the margin and the applicable rate (i.e. for a loan in euros, the EURIBOR). The facility requires GrandVision to comply with the following financial covenants: maintenance of a maximum total leverage ratio (net debt/EBITDA) of less than or equal to 3.25 and a minimum interest coverage ratio (EBITDA/net interest expense) of 5. Compliance with the bank covenants is tested and reported on twice a year. As of the balance sheet date the Group is in compliance with the bank covenants and has been so for the duration of the loan.

The table below analyses the Group's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

in thousands of EUR	Within 1 year	1-2 years	2-5 years	After 5 years	Total
31 December 2014					
Borrowings	124,022	11,058	977,165	-	1,112,246
Derivative financial instruments	1,518	2,508	-	-	4,026
Trade and other payables	372,829	-	-	-	372,829
31 December 2013					
Borrowings	76,264	24,897	577,169	388,180	1,066,510
Derivative financial instruments	3,902	1,528	235	-	5,665
Trade and other payables	276,176	-	-	-	276,176

3.2 Capital Risk Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. There are no externally imposed capital requirements.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debts. The Group monitors capital on the basis of leverage ratio (defined as net debt over EBITDA).

Management believes the current capital structure, operational cash flows and profitability of the Group will safeguard the Group's ability to continue as a going concern. Following the refinancing in 2014, GrandVision aims to maintain a maximum leverage ratio of 2.0 (net debt/EBITDA) excluding the impact of any borrowings associated with, and any EBITDA amounts attributable to major acquisitions.

in thousands of EUR	31 December 2014	31 December 2013
Equity attributable to equity holders	622,890	501,686
Shareholder loan	-	325,000
Total capital	622,890	826,686
Net debt	922,436	837,313
Adjusted EBITDA	449,498	400,454
Net debt leverage (times)	2.1	2.1

3.3 Fair Value Estimation

The financial instruments carried at fair value can be valued using different levels of valuation methods. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1). A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.
- Inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (prices) or indirectly (derived from prices) (level 2). Valuation techniques are used to determine the value. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity-specific estimates. All significant inputs required to fair value an instrument have to be observable.
- Inputs for asset or liability that are not based on observable market data (unobservable inputs) (level 3).

If multiple levels of valuation methods are available for an asset or liability, the Group will always use level 1.

The assets and liabilities for the Group measured at fair value qualify for the level 3 category except for the derivative financial instruments (note 30) which qualify for the level 2 category. The Group does not have any assets and liabilities that qualify for the level 1 category.

The table below shows the level 2 and level 3 categories:

in thousands of EUR	Level 2	Level 3
At 31 December 2014		
Assets		
Derivatives used for hedging	891	-
Non-current receivables	-	2,841
Total assets	**891**	**2,841**
Liabilities		
Contingent consideration - Other current and non-current liabilities	-	11,410
Derivatives used for hedging	4,045	-
Total liabilities	**4,045**	**11,410**
At 31 December 2013		
Assets		
Derivatives used for hedging	143	-
Non-current receivables	-	3,488
Total assets	**143**	**3,488**
Liabilities		
Contingent consideration - Other current and non-current liabilities	-	4,539
Derivatives used for hedging	6,011	-
Total liabilities	**6,011**	**4,539**

There were no transfers between levels 1, 2 and 3 during the periods.

Level 2 category
An instrument is included in level 2 if the financial instrument is not traded in an active market and if the fair value is determined by using valuation techniques based on the maximum use of observable market data for all significant inputs. For the derivatives the Group uses the estimated fair value of financial instruments determined by using available market information and appropriate valuation methods, including relevant credit risks. The estimated fair value approximates to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Specific valuation techniques used to value financial instruments include:

- quoted market prices or dealer quotes for similar instruments;
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date, with the resulting value discounted back to present value.

Level 3 category
The level 3 category refers to investments held in shopping malls and contingent considerations. For the investments held in shopping malls, an external expert performed a valuation of the shares and there were no additions or disposals, only a movement relating to foreign currency which is recorded in financial costs. The valuation technique is consistent compared to prior years and a valuation is undertaken on an annual basis. The contingent consideration is remeasured based on the agreed business targets.

3.4 Offsetting Financial Assets and Financial Liabilities

The only items netted are assets and liabilities under cash pool agreement and derivatives; please refer to note 21 for more details on the cash pool.

4 Estimates and Judgments by Management

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the current circumstances.

The Company makes estimations and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

4.1 Consolidation of the Synoptik Group

The Company's ownership interest in the Synoptik Group is 63.29% and the agreement is set up so that the partner has both protective and substantive rights. However, considering the substance of the situation we concluded that the partner has not exercised their substantive rights. Consequently the Company has de facto control and the Synoptik Group is consolidated. At each reporting date this assessment will be reconsidered.

4.2 Estimated Impairment of Goodwill

The Group tests annually whether its goodwill is subject to impairment, as described in note 2.14. Goodwill is allocated to the Company's group of cash-generating units (CGUs) according to the country of presence. The recoverable amount is determined by the value in use, calculated using the discounted cash flow method applying a discount factor derived from the average cost of capital relevant for the CGUs. If the value in use is lower than the carrying value, then the fair value less cost of disposal is also considered, which is determined by a multiple on the average sales of the last three years. The multiple is based on peers of GrandVision and recent market transactions, taking into account risk factors of the CGU for which the fair value less cost to sell is calculated. The recoverable amount is the higher of the value in use and the fair value less costs of disposal.

A 10% reduction of the sales multiple used in the Group impairment test for the most sensitive countries (i.e. those in Latin America) would result in an additional impairment of €11,131 (2013: €13,898).

4.3 Estimated Impairment of Key Money

The Group tests annually whether its non-amortized key money is subject to impairment as described in notes 2.13.2 and 2.14. The recoverable amount is the higher of the fair value less costs of disposal of the key money and the key money's value in use, which is calculated using the discounted cash flow method applying a discount factor derived from the weighted average cost of capital or the market value of the key money.

A reduction of the expected revenue growth to 0%, all other factors used in calculating the value in use remaining unchanged, would lead to an impairment of €4,128 (2013: €10,101).

4.4 Income Taxes

The Company is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the total provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether

additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period for which such determination is made. Given a reasonable change in the key assumptions used in determining total deferred tax assets and liabilities, there would be no material impact on the financial statements.

4.5 Post-Employment Benefits

The present value of the defined benefit pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at year-end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the defined benefit pension obligations. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds with a duration and currency consistent with the term and currency of the related pension obligation.

Other key assumptions for pension obligations are based in part on current market conditions.

4.6 Intangible Assets

When a company is acquired, a value is assigned to intangible assets such as trademarks and the customer database. The determination of the value at the time of acquisition and estimated useful life is subject to uncertainty. One of the calculations used to determine the value is the discounting of expected future results of existing customers at the time of the acquisition. Useful life is estimated using past experience and the useful life period as broadly accepted in the retail sector.

4.7 Provisions and Long-term incentive plan

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The expected expenditures are uncertain future cash flows for which management uses its knowledge, experience and judgment to determine if a corresponding provision should be recognized.

Long-term incentive plans are classified into a real share plan and a phantom plan. The measurement of the expenses relating to the real share plan and phantom plan is subject to the achievement of certain service conditions that can vary between 3-5 years following the date of grant including an estimate for the number of shares expected to be vested. In prior years the Company's shares were not listed, therefore management estimated the grant date fair value for the measurement of the real shares based on a combination of a market approach and income approach.The measurement of the liability of the phantom plan is during 2014 impacted by the fair value of GrandVision and the probability of a successful listing.

5 Acquisitions of Subsidiaries, Associates and Non-Controlling Interests

Acquisitions in 2014

Rayner, United Kingdom

On 1 February 2014 the Group acquired 65 stores from the Rayner & Keeler group in the United Kingdom. The total consideration paid was €13,245 (GBP 10,750). The goodwill amount of €5,531 represents future synergies with the existing customer base and future growth in profitability of the business.

MultiOpticas, Colombia

On 28 February 2014 the Group acquired 100% of the stores in MultiOpticas, Colombia. The Company paid €11,024 (COP 29,012,632) directly in cash and €1,059 (COP 2,787,714) is recognized as a contingent consideration which the Group is required to pay in cash to the former owners on 1 February 2017. The goodwill amount of €8,827 represents future synergies with the existing customer base and future growth in profitability of the business.

Topsa, Peru

On 29 August 2014 the Group acquired 62% of the shares, including a call and written put option for the remaining 38%, in the Peruvian optical retail chain Topsa Holding SA. The option to increase the shareholding to 100% is initially valued at €7,153 depending on the performance of Topsa and can be exercised after five years. As the likelihood of the option being exercised by one of the parties is almost certain it is accounted for as contingent consideration and included in non-current liabilities. The Company paid €20,468 and recognized €15,329 as goodwill, which represents the future synergies and growth of the business. The Group obtained control in this transaction and therefore the results are fully consolidated as of the date of control. The purchase price allocation has not yet been finalized.

Randazzo, Italy

On 23 December 2014 the Group acquired 100% of the shares in Angelo Randazzo S.r.l. Randazzo operates 101 optical retail stores under the name 'Optissimo' and has 89 points of sale in supermarkets. The total consideration paid is €88,804, an amount of €3,434 is expected to be paid in the first half year of 2015. Based on the initial purchase price allocation an amount of €116,570 is identified as goodwill and represents future synergies and future growth in profitability of the business. The purchase price allocation has not yet been finalized.

Other store acquisitions

Furthermore, the Group acquired 69 stores mainly in G4 and Other Europe. These acquisitions were recognized using the acquisition method. After the initial allocation of the consideration transferred for the acquisitions of the assets, liabilities and contingent liabilities, an amount of €11,982 was identified as goodwill. The goodwill is attributable to the high profitability of the acquired business and the expected synergies following the integration of the acquired business into our existing organization. The goodwill mainly comprises the acquired customer base, the skilled employees and the locations of the acquired stores, which cannot be recognized as separately identifiable assets.

The fair value of the net assets arising from the acquisitions in 2014 at acquisition date is as follows:

in thousands of EUR	Notes	Randazzo	Topsa	MultiOpticas	Rayner	Other stores	Total
Property, plant and equipment		7,241	4,796	888	384	1,456	14,765
Other intangible assets		29,568	15,565	3,601	7,229	10,485	66,448
Deferred income tax assets		3,365	53	-	-	-	3,418
Other non-current assets		959	159	-	-	11	1,129
Inventories		16,133	3,644	636	-	995	21,408
Trade and other receivables		6,892	4,947	-	307	256	12,402
Current income tax receivables		86	317	-	-	46	449
Cash and cash equivalents		11,768	234	-	-	630	12,632
Borrowings		-	- 1,007	-	-	-	- 1,007
Post-employment benefits		- 4,190	-	-	-	-	- 4,190
Deferred income tax liabilities		- 10,599	- 4,795	- 1,188	-	- 165	- 16,747
Provisions (non-current)		- 558	-	-	-	-	- 558
Other non-current liabilities		-	- 26	-	-	-	- 26
Current income tax liabilities		- 1,012	-	-	-	- 112	- 1,124
Provisions (current)		-	-	-	-	- 41	- 41
Trade and other payables		- 44,799	- 6,284	- 246	- 206	- 1,205	- 52,740
Current borrowings (excluding bank overdrafts)		- 37,244	- 5,311	- 435	-	- 189	- 43,179
Bank overdrafts		- 1,942	-	-	-	- 63	- 2,005
		- 24,332	12,292	3,256	7,714	12,104	11,034
Consideration paid in cash and cash equivalents		88,804	20,468	11,024	13,245	23,372	156,913
Consideration to be transferred		3,434	7,153	1,059	-	714	12,360
Total consideration transferred or to be transferred		92,238	27,621	12,083	13,245	24,086	169,273
Consideration paid and to be paid in cash and cash equivalents		92,238	27,621	12,083	13,245	24,086	169,273
Cash and cash equivalents and bank overdrafts at acquired subsidiary		9,826	234	-	-	566	10,627
Outflow of cash and cash equivalents		82,412	27,387	12,083	13,245	23,519	158,646
Consideration transferred		92,238	27,621	12,083	13,245	24,086	169,273
Fair value of acquired net assets and liabilities		24,332	- 12,292	- 3,256	- 7,714	- 12,104	11,034
Goodwill	14	116,570	15,329	8,827	5,531	11,982	158,239

The goodwill amortization is tax-deductible in the United Kingdom and Colombia. In Italy it is largely tax-deductible.

The acquisitions contributed the following in revenue and net result for the Group:

in thousands of EUR	Randazzo	Topsa	MultiOpticas	Rayner	Other stores	Total
Revenue	-	9,629	7,489	12,910	13,383	43,411
Net result	-	- 827	- 3,591	380	965	- 3,073

Had the acquisitions been consolidated for the full year, revenue and net result would be:

in thousands of EUR	Randazzo	Topsa	MultiOpticas	Rayner	Other stores	Total
Revenue	105,598	28,367	8,987	14,162	34,269	191,383
Net result	- 4,214	- 3,023	- 4,178	396	3,258	- 7,761

Acquisition costs for the above acquisitions amount to €1,180 and are included in the general and administrative costs in the Income Statement.

HAL Optical Turkey and HAL Asia

On 30 September 2014 the Group acquired 100% of the shares in HAL Optical Turkey BV and HAL Investments Asia BV. HAL Optical Turkey BV owns 100% of the Turkish optical retail chain Atasun. HAL Investments Asia BV owns 100% of the shares in GrandVision Shanghai Co. Ltd and 78% of the shares in Shanghai Red Star Optical Co. Ltd. The Group acquired this from the parent company (HAL Holding) and therefore the predecessor accounting method is applied. The difference between the consideration transferred (€88,164) (refer to note 34.2) and the net assets (€32,670) of € 55,494 is recognized in retained earnings. See the table below for more details on the items relevant for other disclosure notes; remaining assets and liabilities are aggregated.

in thousands of EUR	
Property, plant and equipment	4,650
Other intangible assets	705
Goodwill	5,783
Non-controlling interest	- 999
Other assets and liabilities	22,531
Total net assets	32,670
Consideration paid in cash	88,164
Cash and cash equivalents and bank overdrafts at acquired subsidiary	- 1,281
Outflow of cash and cash equivalents as a result of acquisition	86,883
Recognized in Retained Earnings	55,494

6 Revenue

The Group's revenue can be further divided as follows:

in thousands of EUR	2014	2013
Own store sales	2,612,285	2,429,144
Merchandise revenue	118,958	105,754
Franchise royalties and contributions	65,561	63,204
Other revenues	20,190	22,078
	2,816,994	2,620,180

7 Cost of Sales and Direct Related Expenses

The following costs have been included in the operating result:

in thousands of EUR	Notes	2014	2013
Direct materials		651,528	620,446
Employee costs		950,858	857,370
Depreciation and impairments	13	96,805	92,392
Amortization and impairments	14,15	40,173	37,910
Operating lease		421,668	401,188
Acquisition costs		1,180	90
Marketing & publicity costs		149,223	148,306
Other costs		219,646	193,737
Total costs		2,531,081	2,351,439

The employee costs can be specified as follows:

in thousands of EUR	Notes	2014	2013
Salaries & wages		668,082	629,441
Social security		144,611	138,970
Pension costs - Defined benefit plans	26	7,377	7,563
Pension costs - Defined contribution plans		7,633	6,554
Share based payments (LTIP)	8	34,716	8,610
Other employee-related costs		88,439	66,232
		950,858	857,370

Full-time equivalents within the Group (excluding associates) at the end of 2014 was 25,776 (2013: 22,235).

8 Long-Term Incentive Plans

	2014	2013
Costs recognized for LTIP plans (in thousands of EUR)	34,716	8,610
Number of participants	135	131

The costs recognized for LTIP plans are included in the general and administrative costs in the Income Statement. For more details refer to note 28.

9 Share of Result of Associates

in thousands of EUR	2014	2013
Visilab S.A.	3,972	3,367
Reliance-Vision Express Private Ltd and Reliance-GrandVision India Supply Private Ltd	- 1,276	- 1,956
	2,696	1,411

10 Financial Result

in thousands of EUR	Notes	2014	2013
Financial costs			
- Commitment fee		-2,727	-352
- Result on other derivatives		-4,308	-6,101
- Interest loans from shareholders	34.1	-12,114	-21,315
- Bank borrowings		-12,418	-15,535
- Other		-608	24
Total financial costs		- 32,175	-43,279
Financial income			
- Interest loans to shareholders	34.3	743	714
- Interest deposits		845	466
- Interest other		2,822	4,547
- Result on other derivatives		0	1,074
Total financial income		4,410	6,801
Net foreign exchange results		-6,601	-4,555
Financial result		- 34,366	-41,033

Result on other derivatives in financial income relates to the interest result of foreign currency derivatives. Result on other derivatives in financial costs relates to the net result arising from interest rate swaps.

11 Income Tax

in thousands of EUR	2014	2013
Current income tax	95,509	81,093
Deferred income tax	- 15,827	-7,889
Charge in Income Statements	79,682	73,204

The reconciliation between the computed weighted average rate of income tax expense, which is generally applicable to GrandVision companies, and the actual rate of taxation is as follows:

in thousands of EUR	2014	%	2013	%
Result before tax	254,243	100.00%	229,119	100.00%
Computed weighted average tax rate	73,087	28.75%	70,046	30.50%
Expenses not deductible for tax purposes	9,229	3.63%	9,021	3.90%
Incentive tax credits	- 8,327	-3.28%	-7,102	-3.10%
Effect of (de)recognition of tax losses	735	0.29%	4,658	2.00%
Changes in tax rate	- 308	-0.12%	-3,112	-1.30%
(Over)/Under provided in prior years	5,266	2.07%	-307	-0.10%
Tax charge	79,682	31.34%	73,204	31.90%

The weighted average applicable tax rate amounts to 28.75% (2013: 30.50%). The effective tax rate for the Group is 31.34% (2013: 31.90%)

The changes in tax rate in 2014 are mainly in Chile, Hungary and Portugal.

12 Earnings per Share

Earnings per share is calculated by dividing the profit attributable to equity holders of the company by the weighted average number of ordinary shares in issue during the year.

	2014	2013
Result for the year attributable to equity holders of the parent, in thousands of EUR	161,203	141,473
Average number of outstanding ordinary shares (attributable to equity holders of the parent)	12,537,417	12,525,688
Earnings per ordinary share, basic and diluted (in EUR)	12.86	11.29

On 20 January 2015 the Group issued 241,721,553 ordinary shares. Earnings per share for 2014 calculated based on this issuance would be 0.64 EUR (2013: 0.56 EUR).

13 Property, Plant and Equipment

in thousands of EUR	Notes	Buildings and leasehold improvements	Machinery and equipment	Furniture and vehicles	Total
At 1 January 2013					
Cost		434,080	445,504	295,302	1,174,886
Accumulated depreciation and impairment		-256,709	-325,541	-224,035	-806,285
Carrying amount		177,371	119,963	71,267	368,601
Movements in 2013					
Acquisitions		783	812	246	1,841
Additions		36,728	37,986	22,378	97,092
Disposals / retirements		-2,687	-1,464	-822	-4,973
Impairments		-	-15	-211	-226
Depreciation charge	7	-32,208	-38,320	-21,864	-92,392
Reclassification		-4,256	-941	3,877	-1,320
Exchange differences		-5,360	-1,786	-2,572	-9,718
At 31 December 2013		**170,371**	**116,235**	**72,299**	**358,905**
At 1 January 2014					
Cost		420,124	461,368	295,225	1,176,717
Accumulated depreciation and impairment		-249,753	-345,133	-222,926	-817,812
Carrying amount		170,371	116,235	72,299	358,905
Movements in 2014					
Acquisitions	5	7,178	4,712	7,524	19,415
Additions		52,791	47,544	31,532	131,868
Disposals / retirements		- 2,032	- 1,822	- 914	- 4,768
Depreciation charge	7	- 35,407	- 38,893	- 22,505	- 96,805
Reclassification		- 1,994	1,160	151	- 683
Exchange differences		- 689	303	181	- 205
Carrying amount		**190,218**	**129,240**	**88,269**	**407,727**
At 31 December 2014					
Cost		479,399	535,356	329,128	1,343,883
Accumulated depreciation and impairment		- 289,181	- 406,116	- 240,860	- 936,157
Carrying amount		190,218	129,240	88,269	407,727

Leased assets included under machinery and equipment as shown above, where the Group is a lessee under a financial lease, comprise mainly equipment. The carrying amount of assets leased is €596 (2013: €943).

The difference between the acquisition of subsidiaries of €19,415 and the amount listed in note 5 on acquisitions of subsidiaries of €14,765 is caused by the property, plant and equipment obtained from the acquisitions in Turkey and China, which is accounted for based on predecessor accounting.

The impairments on fixed assets in 2013 relate to the closing of stores.

14 Goodwill

in thousands of EUR	Notes	2014	2013
Opening balance		726,321	740,993
Acquisitions	5	164,022	14,009
Adjustment to purchase price allocation & earn-outs		-	- 44
Reclassification	15	4,266	- 3,955
Impairment		- 3,458	- 8,406
Disposals		- 225	-
Exchange differences		- 5,073	- 16,276
		885,855	726,321
Costs		925,250	762,258
Accumulated impairment		- 39,395	- 35,937
Carrying amount		885,855	726,321

The impairment charge in 2014 mainly relates to the impairment of Mexico's Sunglass Island (€3,149), which operates in the Latin America & Asia segment. The triggering event was a decline in revenue as a result of a loss of a contract. The recoverable amount, being the fair value less costs of disposal, has been estimated using the average sales of the last 3 years (adjusted for any known revenue developments) multiplied by a sales multiple.

The impairment charge in 2013 of €8,406 relates to the impairment of Brazil (€5,492) and Mexico's Sunglass Island (€2,914), both operating in the Latin America & Asia segment. The recoverable amount, being the fair value less costs of disposal, has been estimated using the average sales of the last 3 years (adjusted for any known revenue developments) multiplied by a sales multiple.

The difference between the goodwill from acquisitions of €164,022 and the amount specified in note 5 on acquisitions of subsidiaries of €158,239 is caused by the goodwill obtained from the acquisitions in Turkey and China, which is accounted for based on predecessor accounting.

In 2014 €4,266 is reclassed from key money to goodwill.

The table below shows goodwill per segment:

in thousands of EUR	31 December 2014	31 December 2013
G4	420,345	387,466
Other Europe	368,993	263,904
Latin America & Asia	96,517	74,951
	885,855	726,321

15 Other Intangible Assets

in thousands of EUR	Notes	Franchise contracts	Software	Trademarks	Key money	Other	Total
At 1 January 2013							
Cost		35,913	98,703	249,427	215,166	11,638	610,847
Accumulated amortization and impairment		- 26,782	- 74,687	- 93,272	- 5,769	- 5,061	- 205,571
Carrying amount		9,131	24,016	156,155	209,397	6,577	405,276
Movements in 2013							
Acquisitions		408	-	1,611	-	4,359	6,378
Additions		336	13,534	122	2,706	28	16,726
Disposals		-	- 118	- 24	- 1,237	- 9	- 1,388
Amortization charge	7	- 2,128	- 10,835	- 14,411	-	- 781	- 28,155
Impairment	7	-	-	-	- 1,349	-	- 1,349
Reclassification		-	6,514	- 21	5,910	- 5,023	7,380
Exchange differences		- 213	- 572	- 5,227	- 1,909	73	- 7,848
Carrying amount		**7,534**	**32,539**	**138,205**	**213,518**	**5,224**	**397,020**
At 31 December 2013							
Cost		34,231	118,848	243,280	218,959	9,641	624,959
Accumulated amortization and impairment		- 26,697	- 86,309	- 105,075	- 5,441	- 4,417	- 227,939
Carrying amount		7,534	32,539	138,205	213,518	5,224	397,020
Movements in 2014							
Acquisitions	5	807	625	31,518	2,000	32,203	67,153
Additions		195	21,990	3	3,732	522	26,442
Disposals		-	- 280	-	- 948	- 10	- 1,238
Amortization charge	7	- 1,927	- 11,575	- 14,455	-	- 3,475	- 31,432
Impairment	7	-	-	- 1,284	- 3,999	-	- 5,283
Reclassification		-	162	6	- 4,550	366	- 4,016
Exchange differences		287	- 288	- 1,033	- 41	669	- 406
Carrying amount		**6,896**	**43,173**	**152,960**	**209,712**	**35,499**	**448,240**
At 31 December 2014							
Cost		35,200	144,253	274,436	218,775	43,202	715,866
Accumulated amortization and impairment		- 28,304	- 101,080	- 121,476	- 9,063	- 7,703	- 267,626
Carrying amount		6,896	43,173	152,960	209,712	35,499	448,240

The difference between the acquisition amount of €67,153 and the amount specified in note 5 on acquisitions of subsidiaries of €66,448 is caused by the intangible assets obtained from the acquisitions in Turkey and China, which is accounted for based on predecessor accounting.

The other intangible assets acquired in 2014 mainly comprise customer databases (€29,617).

Key money

Key money as part of intangible assets has an indefinite useful life, relating to stores in France and Brazil. In France and Brazil, these assets are not amortized but are subject to an annual impairment test using cash flow projections covering a five-year period and the market value is used based on external valuations. Details as to the cost per square meter and latest key money transactions for the main shopping malls publicly available.

If the calculated value in use is less than the carrying value of the assets, external valuations are performed to arrive at a fair value less cost to sell.

During 2014 the impairment test on key money resulted in an impairment in France and Brazil of €3,999 (2013: €1,349 in France) as a result of decrease of value in use and external valuations performed for each store individually.

In 2014 an amount of €4,266 was reclassed from key money to goodwill.

The carrying amount of the key money with an indefinite useful life is tested on a store-by-store basis and per country amounts to:

in thousands of EUR	31 December 2014	31 December 2013
France	200,517	203,887
Brazil	9,195	9,631
	209,712	213,518

Key assumptions used to determine the recoverable amount:

	2014	2013
Revenue growth rate	1.5% - 12%	2% - 10%
Discount rate (pre tax)	9.91% - 18.31%	10.26% - 18.31%

Internal development
In 2013, the business project iSynergy was initiated to implement global ERP system in all countries.

Development costs of these systems are recognized as intangible assets. Research expenditure is expensed as incurred and amounts to €619 (2013: €133). In 2014, the Group capitalized €8,685 (2013: €4,305) worth of licenses and expenses for the global ERP project that are not yet being used.

16 Impairment Tests for Goodwill

Goodwill is allocated to the Company's group of cash-generating units (CGUs) according to the country of presence. The recoverable amount is determined by the value in use, calculated using the discounted cash flow method applying a discount factor derived from the average cost of capital relevant for the CGUs. If the value in use is lower than the carrying value, then the fair value less cost of disposal is also considered, which is determined by a multiple on the average sales of the last three years. By applying a multiple on the average sales of the last three years the Group uses a well-balanced approach for both mature and emerging markets. For mature markets it eliminates the impact of incidentals that could have occurred in one of the years. For emerging markets a one-year sales figure would be too volatile as it would not reflect the real growth. The sales multiple is based on recent market transactions and peers of GrandVision, taking into account risk factors of the CGU for which the fair value less cost of disposal is calculated. The recoverable amount is the higher of the value in use and the fair value less costs of disposal.

Key assumptions used to determine the recoverable amount in 2014:

	Revenue growth rate (average)	EBITA percentage (average)	Discount rate (pre tax)	Sales multiple (when used)
G4	2.7% – 4.6%	12.7% – 20.8%	9.59% – 11.64%	–
Other Europe	3.6% – 5.6%	12.9% – 14.5%	8.54% – 19.35%	1
Latin America & Asia	13.7% – 17.4%	7.8% – 8.4%	12.03% – 24.88%	0.6 – 1.37

Key assumptions used to determine the recoverable amount in 2013:

	Revenue growth rate (average)	EBITA percentage (average)	Discount rate (pre tax)	Sales multiple (when used)
G4	2.1% – 6.9%	11.5% – 19.1%	10.05% – 12.95%	–
Other Europe	3.0% – 4.1%	10.4% – 13.4%	9.77% – 16.68%	1
Latin America & Asia	5.9% – 8.3%	5.6% – 6.3%	11.93% – 18.31%	0.6 – 1.36

The assumptions reflect the averages of each group of the CGUs in the segments for the five-year period. The growth rate for the 1st, 2nd and 3rd year is based on the budget for these years. The growth rate for the 4th and 5th year is in line with the third year and zero percent for the subsequent years. The EBITA is assumed to remain at a constant level after the three-year period. The EBITA and growth rate are based on historical performance as well as our assessment of the development of these rates in the upcoming years. The discount rates used are pre-tax and reflect the country-specific risks relating to our industry.

For recognized impairment losses during the periods please refer to note 14.

17 Other Non-Current Assets

in thousands of EUR	Notes	31 December 2014	31 December 2013
Loans to management	34.3	16,769	15,302
Rental deposits		28,396	21,748
Other		5,365	7,873
		50,530	44,923

'Other' mainly includes shareholdings in commercial centers where stores are operated, receivables from franchisees, receivables from health insurance companies and deposits paid for stores. The carrying value less impairment provision approximates the fair value. There is no provision on the loans to management as at the end of 2014 (2013: €256). The rental deposits relate to key money subject to amortization in line with the related rental contract.

18 Associates

in thousands of EUR	31 December 2014	31 December 2013
Visilab S.A.	31,816	30,237
Reliance-Vision Express Private Ltd and Reliance-GrandVision India Supply Private Ltd	3,151	3,347
	34,967	33,584

The movements in investments in associates is as follows:

in thousands of EUR	2014	2013
At 1 January	33,584	35,169
Capital contributions in associates	797	881
Result from associates	2,696	1,411
CTA from associates	1,195	- 1,177
Dividend received	- 3,305	- 2,700
At 31 December	34,967	33,584

The financial information of the associates is as follows:

in thousands of EUR	31 December 2014	31 December 2013
Non-current assets	65,313	62,798
Current assets	29,361	29,161
Equity	74,706	72,166
Non-current liabilities	1,191	1,263
Current liabilities	18,777	18,530
Commitments	54,303	54,417

in thousands of EUR	2014	2013
Revenue	151,787	146,712
Result for the year	11,922	9,606

19 Inventories

in thousands of EUR	31 December 2014	31 December 2013
Finished goods	260,297	207,139
Raw materials	2,729	1,536
Provision for obsolete inventory	- 23,369	- 16,055
	239,657	192,620

An amount of €9,089 (2013: €9,395) has been recognized in the Income Statement for obsolete inventories as part of the other costs. The increase in inventories is for €32,652 related to acquisitions.

20 Trade and Other Receivables

in thousands of EUR	Notes	31 December 2014	31 December 2013
Trade receivables		144,999	130,420
Less: provision for impairment of trade receivable		- 9,118	-9,327
Trade receivables – net		135,881	121,093
Receivables from related parties	34.2	2,166	4,661
Taxes and social security		27,239	23,970
Other receivables		47,755	45,797
Prepayments		44,260	33,430
		257,301	228,951

The Group's historical experience in collection of accounts receivable is considered in the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade receivables. The Group has recognized a provision of €9,118 (2013: €9,327) for the impairment of its trade receivables. The creation and usage of the provision for impaired receivables have been included in the selling and marketing costs in the Income Statement.

The increase in trade and other receivables is for €27,789 related to acquisitions.

Movements on the provision for the impairment of trade receivables are as follows:

in thousands of EUR	2014	2013
At 1 January	9,327	8,918
Additions to provision for bad and doubtful debts	2,783	3,322
Receivables written off during the year as uncollectible	- 2,205	- 1,744
Unused amounts reversed	- 758	- 812
Exchange differences	- 29	- 357
At 31 December	9,118	9,327

As of 31 December 2014 €42,217 of the net trade receivables were past due but not impaired (2013: €31,787). The due date of these receivables varies from 1 month to more than 9 months. These relate to a number of franchisees and customers, for whom there is no recent history of default.

The ageing analysis for the trade receivables is as follows:

in thousands of EUR	31 December 2014	31 December 2013
Up to 3 months	129,716	109,351
Between 3 and 6 months	6,830	9,592
Between 6 and 9 months	1,259	3,367
Over 9 months	7,194	8,110
	144,999	130,420

The carrying value less provision for the impairment of trade receivables is equal to the fair value.

The carrying amounts of the Group's trade receivables, including provision, are denominated in various currencies which at year-end rate have the following values in €:

in thousands of EUR	31 December 2014	31 December 2013
Euro (EUR)	68,773	63,024
Brazilian Real (BRL)	16,245	14,028
British Pound Sterling (GBP)	11,825	13,485
Chilean Peso (CLP)	7,977	8,142
Danish Krone (DKK)	7,371	5,358
Other	23,690	17,056
Total	135,881	121,093

21 Cash and Cash Equivalents

in thousands of EUR	31 December 2014	31 December 2013
Cash at bank and in hand	133,653	99,494
Short-term bank deposits and marketable securities	443	3,068
	134,095	102,562

'Cash and cash equivalents' contains the net position for the cash pooling agreement. At 31 December 2014, the gross amount is €65,203 as assets and €63,541 as liabilities (31 December 2013: €439,955 as assets and €439,848 as liabilities).

In December 2014 an amount of €1.1 million was pledged by GrandVision against a credit line.

Cash and cash equivalents by currency:

in thousands of EUR	31 December 2014	31 December 2013
Euro (EUR)	86,249	37,756
British Pound Sterling (GBP)	9,203	7,694
Norwegian Krone (NOK)	4,863	7,456
Polish Zloty (PLN)	5,010	18,723
Mexican Peso (MXN)	3,907	4,009
Other	24,863	26,924
	134,095	102,562

At 31 December 2014 an amount of USD 2.1 million is kept by a custody company in Mexico in order to be exchanged in local currency. A Presidential Decree was signed in September 2014 which enables the Group to have full access to the amount. The first USD amounts were transferred in January 2015.

For the purposes of the cash flow statement, cash and cash equivalents comprise the following:

in thousands of EUR	Notes	31 December 2014	31 December 2013
Cash and bank balances		134,095	102,562
Bank overdrafts	24	- 79,690	- 80,401
		54,405	22,161

22 Share Capital

	Number of shares outstanding	Ordinary shares (in thousands of EUR)	Share premium (in thousands of EUR)	Total (in thousands of EUR)
At 1 January 2013	12,685,906	254	23,185	23,439
Issue of ordinary shares	16,893	-	2,250	2,250
Conversion of shares	-	-	2,086	2,086
At 31 December 2013	**12,702,799**	**254**	**27,521**	**27,775**
Issue of ordinary shares	19,388	-	3,000	3,000
Long-term incentive plan	-	-	29,741	29,741
Capital contribution	-	-	1,019	1,019
At 31 December 2014	**12,722,187**	**254**	**61,281**	**61,535**

The Company's authorized share capital as of 31 December 2014 comprised of 62,499,900 ordinary shares with a nominal value of 0.02 EUR each and 1 priority share with a nominal value of 2.00 EUR. The total authorized share capital amounted to €1,250. All issued shares have been paid up in full. The Company's paid-up capital comprised 12,722,187 (2013: 12,702,799) ordinary shares and 1 (2013: 1) priority share as of 31 December 2014. The issued and outstanding ordinary shares were 98.57% held by HAL Optical Investments B.V. (2013: 98.67%) and the remainder by the Management Board and certain members of senior management of the Company.

The shares issued in 2014 and 2013 were issued under the long-term incentive plan for an average price of 190.65 EUR (2013: 135.05 EUR) per share. The capital contribution of €1,019 (2013: €2,086) was made by HAL Optical Investments B.V. for the repurchase of the shares under the long-term incentive plan. For the 2014 addition of €29,741 to share premium please refer to note 28.

On 20 January 2015 the Group issued 241,721,553 ordinary shares and on 5 February 2015 the priority share was converted in 100 ordinary shares. As a result the issued share capital currently amounts to 254,443,840 ordinary shares.

23 Non-Controlling Interest

in thousands of EUR	2014	2013
Balance at 1 January	44,366	42,444
Acquisition of subsidiaries	- 999	-
Acquisition of NCI	-	- 2,745
Result for the year	13,358	14,442
Dividends paid	- 9,914	- 8,083
Remeasurement of post-employment benefit obligation in OCI	- 95	3
Currency translation differences	- 1,389	- 1,695
Balance at 31 December	45,327	44,366

The acquisition of subsidiaries relates to the minority shareholding obtained in the acquisition of China and Turkey which had a negative equity upon acquisition.

The acquisition of non-controlling interest in 2013 represents the consideration transferred (cash paid and loan settled).

The financial information for the Synoptik Group (non-controlling interest of 36.71%) is as follows:

in thousands of EUR	31 December 2014	31 December 2013
Non-current assets	91,884	90,738
Current assets	43,467	41,527
Equity	86,527	78,000
Non-current liabilities	6,785	15,258
Current liabilities	42,040	39,007

24 Borrowings

in thousands of EUR	31 December 2014	31 December 2013
Non-current		
Bank borrowings	959,707	518,977
Financial leases	756	846
Shareholder loans	-	325,000
	960,463	844,823
Current		
Bank overdrafts	79,690	80,401
Current portion long-term debt	-	757
Financial leases	719	1,071
Other	12,505	6,955
	92,914	89,184
Total borrowings	**1,053,377**	**934,007**

Syndicated bank facilities

GrandVision refinanced its former €800 million Senior Facility Agreement and settled the €325 million outstanding Subordinated Shareholder Loan from HAL. A new €1,200 million Senior Facility Agreement was entered into on 18 September 2014, maturing on 18 September 2019 with 2 one-

year extension options which can be exercised by the borrower at the first and second anniversary of the facility, with GrandVision Finance BV as the borrower and GrandVision BV (GrandVision N.V. as of 5 February 2015) as the guarantor.

At the end of 2014 the Group also has multiple bank guarantee facilities for a total amount of €48 million (2013: €22 million).

Shareholder loans

The shareholder loans as well as the payable interest have been fully settled and paid in September 2014. The shareholder loans were subordinated to other debts. The interest rates on the shareholder loans were 5.545%.

The maturity of the borrowings of the Group is as follows:

in thousands of EUR	< 1 year	1-2 years	2-5 years	5+ years	Total
At 31 December 2014					
Borrowings at fixed rates	-	-	-	-	-
Borrowings at variable rates	92,195	2,276	957,431	-	1,051,902
Financial leases	719	424	332	-	1,475
	92,914	2,700	957,763	-	1,053,377
At 31 December 2013					
Borrowings at fixed rates	-	2,046	-	325,000	327,046
Borrowings at variable rates	88,113	-	516,931	-	605,044
Financial leases	1,071	547	299	-	1,917
	89,184	2,593	517,230	325,000	934,007

The fair value of the borrowings is approximately equal to the carrying amounts since these loans have a floating interest rate. The fair value of the fixed-rate borrowings is estimated by discounting against 2.20% and is classified within level 2 of the fair value hierarchy.

The weighted average effective interest rates at balance sheet date were as follows:

	2014	2013
Bank borrowings	1.21%	2.20%

Interest rates on variable-rate loans are Euribor-based, increased by a certain margin. This margin is determined based on the interest cover and the leverage ratio (note 3.1.3).

The Group has the following undrawn borrowing facilities:

in thousands of EUR	31 December 2014	31 December 2013
- Expiring within one year	63,866	52,495
- Expiring beyond one year	240,000	280,500
	303,866	332,995

Financial lease commitments
The largest part of the financial lease commitments relate to the optical lab equipment in the United Kingdom and leased cars in Poland and Portugal.

The financial lease commitments fall due as follows:

in thousands of EUR			31 December 2014			31 December 2013
	Payment	Interest	Principal	Payment	Interest	Principal
Within 1 year	787	68	719	1,114	43	1,071
1 – 2 years	458	34	424	565	18	547
2 – 5 years	350	18	332	301	2	299
Total	1,595	120	1,475	1,980	63	1,917

25 Income Taxes

Deferred income taxes are calculated in full on temporary differences arising, in the various countries, between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. The liability method is applied, using tax rates prevailing at the balance sheet dates in the different jurisdictions.

in thousands of EUR	Notes	2014	2013
The gross movement on the deferred income tax assets is as follows:			
At 1 January		48,356	55,258
Acquisitions	5	4,875	-
Income Statement charge		17,857	1,220
Change because of income rate change		- 138	308
Processed through Other comprehensive income		5,747	- 5,116
Reclassification		5,067	- 1,858
Exchange differences		- 852	- 1,456
At 31 December		80,912	48,356
Analysis of the deferred income tax assets is as follows:			
- Deferred income tax asset to be recovered after more than 12 months		65,141	35,123
- Deferred income tax asset to be recovered within 12 months		15,771	13,233
		80,912	48,356
The gross movement on the deferred income tax liability is as follows:			
At 1 January		117,086	127,472
Acquisitions	5	17,831	1,205
Income Statement charge		2,338	- 3,545
Change because of income rate change		- 446	- 2,817
Processed through other comprehensive income		94	- 2,217
Reclassification		4,963	-
Exchange differences		- 488	- 3,012
At 31 December		141,378	117,086
Analysis of the deferred income tax liabilities is as follows:			
- Deferred income tax liability to be recovered after more than 12 months		132,912	110,674
- Deferred income tax liability to be recovered within 12 months		8,466	6,412
		141,378	117,086
Net deferred income taxes		60,466	68,730

Deferred income tax assets

in thousands of EUR	31 December 2014	31 December 2013
Property, plant and equipment	4,787	3,079
Inventories	4,483	3,029
Other intangible assets	6,726	4,629
Post-employment benefits	16,359	9,147
Derivative financial instruments	1,011	1,443
Goodwill	914	38
Provisions	4,538	2,034
Deferred revenue and to be invoiced amounts	4,375	4,061
Trade and other payables	11,603	5,748
Deferred taxes on temporary differences	54,796	33,208
Deferred taxes on carry forward losses	26,116	15,148
Total deferred income tax assets	80,912	48,356

Deferred income tax liabilities

in thousands of EUR	31 December 2014	31 December 2013
Property, plant and equipment	12,882	12,382
Inventories	16	23
Other intangible assets	85,840	76,449
Post-employment benefits	25	135
Derivative financial instruments	198	294
Goodwill	31,088	24,872
Provisions	2,469	471
Deferred revenue and to be invoiced amounts	1,145	836
Trade and other payables	7,715	1,624
Total deferred income tax liabilities	141,378	117,086

Deferred income tax assets on carryforward losses have been recognized for an amount of €26,116 (2013: €15,148). The related income tax losses amount to €99,799, estimated during budget and forecast planning process.

Unrecognized income tax losses amount to €222,037. These tax losses expire as follows:

in thousands of EUR	31 December 2014	31 December 2013
Expiring within one year	11,234	11,990
Expiring between one and two years	5,031	4,432
Expiring between two and five years	26,111	14,554
Expiring after more than five years	6,726	34,816
Offsettable for an unlimited period	172,935	130,950
	222,037	196,742

26 Post-Employment Benefits

The amounts recognized in the balance sheet are determined as follows:

in thousands of EUR	31 December 2014	31 December 2013
Present value of benefit obligation	169,746	104,870
Fair value of plan assets	- 153,591	- 98,435
Net position	16,155	6,435
Present value of unfunded obligation	69,694	48,206
Provision in the balance sheet	85,849	54,641

The most recent actuarial valuations were performed in December 2014.

The funded defined benefit obligation relates mainly (by over 95%) to the pension plan (old age pension, survivors' pension and orphans' pension) of the employees in The Netherlands. The Dutch pension plan is insured with Nationale Nederlanden. The unfunded plans relate to pension promises made to German employees already employed with Apollo prior to 1994 (2014: €51.9 million; 2013 €37.7 million), the Italian Tratamento di Fine Rapporto program (2014: €6.2 million; 2013: €1.5 million) and an end-of-employment plan for French employees (2014: €9.0 million; 2013: €6.8 million).

The increase in the post-employment benefits provision is mainly caused by the decrease in the discount rates used.

The amounts recognized in the Income Statement are as follows:

in thousands of EUR	Notes	2014	2013
Current service costs		5,253	5,876
Interest expense		1,854	1,660
Administrative costs		270	27
Total defined benefit costs	7	7,377	7,563

In 2015 the Group expects to pay an employer contribution into the defined benefit pension plans of €7,169, excluding the effect of possible changes to the employee base.

The movement in the defined benefit obligation over the year was as follows:

in thousands of EUR	Present value of obligation	Fair value of plan assets	Total
At 1 January 2013	**149,975**	**- 95,017**	**54,958**
Current service costs	5,876	-	5,876
Interest expense/ (income)	5,008	- 3,348	1,660
Acquisitions	-	-	-
Employee contributions	2,014	- 2,014	-
Employer contributions	-	- 3,913	- 3,913
Experience adjustments	2,916	-	2,916
Change in financial assumptions	- 9,376	-	- 9,376
Plan amendments and curtailments	- 421	-	- 421
Settlements	-	176	176
Return on plan assets, excluding amounts in interest	-	3,862	3,862
Benefits paid	- 2,689	1,819	- 870
Exchange effect	- 227	-	- 227
At 31 December 2013	**153,076**	**- 98,435**	**54,641**
Current service costs	5,253	-	5,253
Interest expense/ (income)	5,761	- 3,907	1,854
Acquisitions	4,190	-	4,190
Employee contributions	2,720	- 2,720	-
Employer contributions	-	- 2,908	- 2,908
Experience adjustments	- 1,059	-	- 1,059
Change in financial assumptions	71,286	-	71,286
Change in demographic assumptions	847	-	847
Plan amendments and curtailments	-	-	-
Return on plan assets, excluding amounts in interest	-	- 49,143	- 49,143
Benefits paid	- 3,191	3,191	-
Reclassification	641	269	910
Exchange effect	- 84	62	- 22
At 31 December 2014	**239,440**	**- 153,591**	**85,849**

Assumptions

The principal actuarial assumptions used were as follows:

	2014	2013
Discount rate	2.2%	3.6%
Expected return on plan assets	2.1%	3.6%
Future salary increases	2.9%	3.0%
Future inflation	2.0%	2.0%

The difference between the discount rate and the expected return on plan assets is caused by the weighted impact of funded and unfunded plans.

The most recent available mortality tables have been used in determining the pension liability. Experience adjustments have been made. The assumptions are based on historical experiences. The expected return on plan assets is based on the expected return on high-quality corporate bonds.

A 1% increase in the discount rate used to calculate the defined benefit obligation would result in a 17% decrease in the defined benefit obligation. An increase of 0.25% in salary would result in an increase of 3% in the defined benefit obligation. +1 year in life expectancy would result in a slight

increase of 4% in the defined benefit obligation. An increase of 1% in inflation would result in an 18% increase in the defined benefit obligation.

The above sensitivity analyses are based on there being a change in one assumption while all other assumptions remain constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized within the statement of financial position.

Plan assets are comprised as follows:

in thousands of EUR	2014	2013
Equities	259	23,194
Debt instruments	2,621	73,971
Other	150,711	1,270
Total	153,591	98,435

The plan assets 'other' category mainly represents the valuation of the pension rights of the Dutch pension plan built up with Nationale Nederlanden. Until 2013 the assets of the Dutch pension plan were invested in individual equity and debt instruments.

The expected maturity of the undiscounted pension and post-employment benefits is:

in thousands of EUR	2014	2013
Less than 1 year	3,513	2,199
Between 1 and 2 years	4,037	3,235
Between 2 and 5 years	13,231	8,966
Over 5 years	549,551	549,180
Total	570,332	563,580

27 Provisions

in thousands of EUR	Warranty	Long-term incentive plans	Other employee-related	Other	Total
At 1 January 2013	6,276	26,982	3,914	17,771	54,943
Addition to provision	2,725	12,886	642	3,571	19,824
Reversal of provision	-	- 726	- 1,324	- 2,676	- 4,726
Utilized during the year	- 1,684	- 5,400	- 824	- 2,099	- 10,007
Exchange differences	- 102	-	- 2	- 574	- 678
At 31 December 2013	7,215	33,742	2,406	15,993	59,356
Non-current	4,867	17,293	1,842	7,929	31,931
Current	2,348	16,449	564	8,064	27,425
At 31 December 2013	**7,215**	**33,742**	**2,406**	**15,993**	**59,356**
At 1 January 2014	7,215	33,742	2,406	15,993	59,356
Acquisitions	41	-	258	950	1,249
Addition to provision	3,226	40,246	2,319	2,619	48,410
Reversal of provision	- 989	- 32,271	- 259	- 4,361	- 37,880
Utilized during the year	- 1,563	- 4,450	- 365	- 1,953	- 8,331
Other movements	- 286	-	-	- 5,890	- 6,176
Exchange differences	- 31	9	- 5	- 31	- 58
At 31 December 2014	7,613	37,276	4,354	7,327	56,570
Non-current	5,179	17,530	2,453	2,565	27,727
Current	2,434	19,746	1,901	4,762	28,843
At 31 December 2014	**7,613**	**37,276**	**4,354**	**7,327**	**56,570**

Warranty
The Group often provides a warranty along with the sales of its products. Warranty provision exists to cover possible future expenses that may be incurred rectifying defects in, or providing replacements for, products the Group has sold.

Long-term incentive plans
Refer to note 28.

Other employee-related
The provisions mostly relate to employee termination benefits.

Other provisions
'Other provisions' mainly relates to legal and fiscal claims. 'Other provisions' also includes provision for restructuring programs that are planned and controlled by management, and which materially change either the scope of business undertaken by the Group or the manner in which that business is conducted. Also includes decommissioning liability for returning a store or office to its original state.

'Other movements' relates to a reclassification of rental discounts to other non-current liabilities.

28 Long-Term Incentive Plans

Summary of terms of long-term incentive plans
Certain members of senior management participate in the long-term incentive plan (LTIP). Under the long-term incentive plan, there are two different arrangements, which are described below:

Type of arrangement	Real share plan	Phantom plan
Date of grant(s)	In May of each year since 2005	In May of each year since 2009
Contractual life	6 years or indefinite	5 or 6 years
Vesting conditions	3, 4 or 5 years of service	3 or 4 years of service
Method of settlement	Equity-settled	Cash-settled
Basis for value at settlement	The listed share price of GrandVision N.V. on Euronext Amsterdam (GVNV.AS)	The listed share price of GrandVision N.V. on Euronext Amsterdam (GVNV.AS)

Historical treatment of long-term incentive plans
The plans are structured in such a way that, until an IPO became probable, the fair value of the awards was based on an internal measure. Accordingly, these plans have been accounted for under IAS 19 in the previous financial statements, including and up to the annual financial statements ending on 31 December 2013.

In the event of a listing (or when it is probable that a listing will occur), the fair value of the shares becomes based on a market measure (the listed share price) and represents the fair value of the Company's share price. During 2014 management updated their best estimate and determined that the probability threshold that a listing would occur had been met. The listing indeed occurred on 6 February 2015. The change in the settlement of the awards and options as a result of a probable listing has therefore moved the scope of the awards and options from IAS 19 to IFRS 2, as the settlement is now in shares that are not redeemable or cash equal to the listed share price and future grants will be based on the current listed share price.

Real share plan
The real share plan provides the possibility to participants to purchase shares in the Company which they are required to keep for a holding period. After the holding period the Company makes an offer for 50% of the shares after a certain period of time – typically four years – and another offer for the remaining 50% of the shares on the fifth-year anniversary of grant. However, this redemption option has been canceled upon listing of the Company's shares and the plan has become equity-settled. Vesting of awards granted under the real share plan is based on a service condition that can vary from 3 to 5 years.

The real share plan has historically been accounted for under IAS 19 and classified as a liability, as the plan was settled in cash to be paid by the Company upon exercise of the awards. Upon listing, the requirement for the Company to offer to settle the shares in cash has been eliminated. The awards exercised are now to be settled in equity.

Under IFRS 2, for equity-settled arrangements, the fair value of options or shares granted to employees is measured at grant date. The costs of share-based compensation plans are determined based on the fair value of the shares and the number of shares expected to vest. The fair value is recognized as costs in the Income Statement over the vesting period of the shares against an increase in equity for equity-settled share-based compensation plans.

Upon transition from IAS 19 to IFRS 2, the expense recognition under the LTIP arrangements was adjusted to reflect the expense recognition that would have occurred if the arrangements had been accounted for under IFRS 2 from the respective grant dates. As the Company's shares were not listed, management has estimated the grant date fair value. This estimate is based on a combination of a

market approach and income approach. The results of the share valuations and the related share-based payment expenses are dependent on the model and input parameters used. Even though management considers the fair values reasonable and defensible based on the methodologies applied and the information available, others might derive at a different fair market value for the awards granted under the Company's share-based payment plans. This resulted in an incremental income (reversal of expense) of €2,531 driven by higher fair values using the internal measure versus the grant date fair value. This income is recognized general and administrative costs in the Income Statement during 2014 and classified under non-recurring items (refer to note 35).

On 21 May 2011, the real share plan was modified so that all shares were settled as shares in GrandVision BV. As the plan is now classified as equity-settled under IFRS 2, this event is now considered to be a modification, and any incremental fair value granted to the participants has been considered. An amount of €2,309 in incremental fair value was provided to the participants as part of this modification event and incremental expense was therefore recorded upon transition of the plan from IAS 19 to IFRS 2 during 2014.

The table below shows the movements in the number of shares of the real share plan for key management and employees:

	Th. A. Kiesselbach (CEO)	P.J. de Castro Fernandes (CFO)	Employees	Total
Outstanding at 1 January 2014	51,720	12,551	104,405	168,676
Granted	-	-	19,388	19,388
Settled	- 1,027	-	- 5,560	- 6,587
Outstanding at 31 December 2014	50,693	12,551	118,233	181,477

Of those shares outstanding under the real share plan at 31 December 2014, for 76,319 shares the holding period has ended.

On 20 January 2015 the Group issued 241,721,553 ordinary shares and the above amounts were adjusted accordingly without an impact on the value.

Phantom plan

The phantom plan provides participants with the right to receive cash based on the appreciation in the Company's share price between the date of grant and the vesting date. Participants are granted phantom shares as well as phantom options under the phantom plan. Phantom shares and options are cash-settled and contain a service condition of 3-5 years and can contain in addition performance conditions based on the results of certain Company targets. Under IFRS 2, for cash-settled plans, the fair value of the liability for the awards granted is remeasured at each reporting date and upon settlement. Furthermore, the amount of expense each period is recognized over the vesting period. The phantom option plan can contain performance conditions that are based on the performance targets of respective business units in the organization. The amount of expense recognized takes into account the best available estimate of the number of equity instruments expected to vest under the service and performance conditions ascribed to each phantom share and option granted.

The estimate for the liability (and corresponding expense recognition) has been affected by the increase in the probability of a listing, since the estimated fair value of the Company's shares is higher than the value of the shares determined by the formula used before the application of IFRS 2. As the probability of the listing increased, the estimate for the total fair value of liability increased in proportion. This resulted in an incremental expense of €20,975, which was recognized in general and administrative costs in the Income Statement during 2014 and classified among non-recurring items (refer to note 35). The estimate for the liability will change with the corresponding changes in the probability of an IPO occurring, with the changes being recognized during those periods in which

the change in estimate occurs. Also, the liability will be increased and expense recognized as the vesting of phantom shares and options occurs over time.

The table below shows the movements in the phantom plan for key managements and employees:

	Th. A. Kiesselbach (CEO)	P.J. de Castro Fernandes (CFO)	Employees	Total phantom shares and options
Outstanding at 1 January 2014	6,462	3,720	173,195	183,377
Adjusted for performance conditions at vesting	-	-	- 4,662	- 4,662
Granted	5,142	1,150	32,412	38,704
Forfeited	-	-	- 24,667	- 24,667
Outstanding at 31 December 2014	11,603	4,870	176,278	192,751

	Phantom shares	Phantom options	Weighted average exercise price in EUR per share
At 1 January 2014	48,096	135,281	142.54
Adjusted for performance conditions at vesting	- 1,430	- 3,232	127.59
Granted	34,954	3,750	129.30
Forfeited	- 6,802	- 17,865	140.27
At 31 December 2014	74,817	117,934	142.87

Of those phantom shares outstanding under the phantom plan at 31 December 2014, 8,840 were vested.

Of those phantom options outstanding under the phantom plan at 31 December 2014, 26,162 were exercisable. As of 31 December 2014 the weighted average remaining contractual life for outstanding phantom options was 2.9 years.

The total fair value of all phantom stock options granted as of 31 December 2014 was €28,218. The fair value was determined on the reporting date based on the Black-Scholes-Merton option pricing formula. The following assumptions were used:

Phantom options	31 December 2014
Exercise price in EUR	119.51 – 205.15
Share price in EUR*	400.00
Volatility	21.9% – 34.7%
Dividend yield	1.50%
Expected remaining option life in years	0.4 – 4.4
Annual risk-free interest rate %	-0.11% – 0.01%

* Share price before additional issuance of shares. Restated share price: 20 EUR

The expected volatility used is based on the weighted average historical, annualized volatilities of a group of comparable, listed companies. The share price used is based on the IPO price at 6 February 2015.

The table below presents the total expense of the share-based payment plans in 2014 as well as the movements in the liability and equity triggered by the change to the estimate of the probability of an IPO, resulting in the plans being classified as IFRS 2 share-based compensation plans:

in thousands of EUR	Real share plan		Phantom plan
	Liability	Equity	Liability
1 January 2014	25,079	-	5,280
Expenses	7,712	500	10,918
Settlements	- 1,019	-	- 715
Incremental expense for transition from IAS 19 to IFRS 2	- 31,772	29,241	20,975
31 December 2014	-	29,741	36,458

The phantom plans issued in 2011, 2012, 2013 and 2014 have been converted from cash-settled to equity-settled in the listing of GrandVision N.V. on Euronext Amsterdam at 6 February 2015. The phantom plans issued in 2009 and 2010 remained cash-settled. On 20 January 2015 new shares were issued that increased the number of shares held by the participants without an impact on the value of GrandVision.

29 Trade and Other Payables

in thousands of EUR	Notes	31 December 2014	31 December 2013
Trade payables		132,672	91,166
Accrued expenses		93,047	86,951
Other taxes and social security		71,639	62,788
Payables to related parties	34.2	20,950	10,284
Deferred income		58,590	52,023
Other payables		126,160	87,775
		503,058	390,987

The carrying value is assumed to approximate the fair value due to the short-term nature.

The increase in trade and other payables is for €64,723 related to acquisitions.

30 Derivative Financial Instruments

The fair value of the derivative financial instruments is as follows:

in thousands of EUR	31 December 2014		31 December 2013	
	Assets	Liabilities	Assets	Liabilities
Interest rate derivatives – cash flow hedges	-	4,025	-	5,664
Currency derivatives – cash flow hedges	800	20	143	347
Currency derivatives – fair value hedges	91	-	-	-
Total	891	4,045	143	6,011
Less non-current portion:				
Interest rate derivatives – cash flow hedges	-	2,508	-	4,629
Current portion	891	1,537	143	1,382

The valuation of the derivatives is based on valuations provided by banks and third parties.

Interest rate derivatives

The nominal amount of the syndicated loans (see note 24) hedged by interest rate derivatives amounts to €420 million (2013: €550 million). The interest derivatives meet the requirements for hedge accounting in full.

Currency derivatives

The Group has transactional cash flows in multiple currencies and is exposed to the volatility of these currencies against the euro. Group policy is to hedge between 25% and 80% of the transactional cash flows based on a rolling 12-month forecast. The exposure to USD, CZK, PLN, CLP, CHF and HUF has been (partially) hedged. Derivative financial instruments are aimed at reducing the exposure to adverse currency change. Some of the currency derivatives qualify for hedge accounting. The fair value is recorded in the hedging reserve in equity for the effective part and in the Income Statement for the ineffective part. At the end of 2014 the notional principal amounts of these outstanding forward foreign exchange contracts were:

in thousands of EUR	31 December 2014	31 December 2013
Currency		
USD	24,134	12,527
CZK	4,176	-
PLN	2,893	4,719
CLP	1,366	2,901
CHF	1,159	-
HUF	300	7,560
GBP	-	4,969

All these foreign exchange deals are partially hedging underlying forecasted transactions of Group entities in the corresponding foreign currency.

31 Cash Generated from Operations

in thousands of EUR	Notes	2014	2013
Result before tax		254,243	229,119
Adjusted for:			
Depreciation	13	96,805	92,392
Amortization & impairment	14,15	40,173	37,910
Result from sale of property, plant and equipment		776	- 2,356
Result from sale of intangibles		- 1,264	- 841
Financial result	10	34,366	41,033
Result from associates	9	- 2,696	- 1,411
Changes in working capital :			
- Inventories		- 16,123	- 19,688
- Trade and other receivables		- 10,989	26,748
- Trade and other payables		35,447	- 33,465
Changes in provisions		46,577	22,212
Cash generated from operations		477,315	391,653

Changes in working capital exclude exchange differences and the effect of acquisitions.

32 Contingencies

32.1 Contingent Liabilities

Bank borrowings to franchisers of the Group are often secured by guarantees given by the Group to the bank. The guarantees given are secured by the activities, store rental contracts, inventories and store furniture of the franchisers. No other guarantees have been given by the Group. No net outflow of cash is expected for the abovementioned guarantees.

The Group is currently in dispute with a lens manufacturer, Zeiss, who participated in, but did not win, the lens tender organized by the Group in 2012. Consequently Zeiss' existing lens-supply contract expired on the contractual expiration date of 31 October 2013. Zeiss subsequently claimed that GrandVision's termination of the agreement was unlawful. GrandVision intends to vigorously oppose these actions taken by Zeiss, and has not included a provision. Zeiss formally sued GrandVision France before the Paris Commercial Court on 10 April 10 2014, claiming damages of approximately €57 million on the ground of unlawful termination of the lens purchase agreement. As GrandVision is confident in their legal position in this dispute, no provision is recognized in the consolidated financial statements.

Pursuant to Zeiss' complaint, the French competition-law body DGCCRF (Direction générale de la concurrence, de la consommation et de la répression des fraudes') visited the Company's offices in France in November 2013 and requested documentation regarding GrandVision's corporate structure and previous lens tenders. Following an interview with management in May 2014, the DGCCRF issued a report that is favorable to GrandVision.

In June 2009, the French competition authority ('Autorité de la concurrence') began investigations into certain optical suppliers and optical retailers active in the branded sunglasses and branded frames sector in France, including the Group. The authorities are investigating whether these parties have entered into vertical restraints in relation to the distribution of branded sunglasses and branded frames, in violation of Article L. 420-1 of the French 'Code de Commerce' and Article 101-1 of the Treaty on the Functioning of the European Union. In 2012, certain Group employees were

interviewed by the French competition authorities, and in 2014 the Group received further written inquiries from the French competition authority. Under French law, there is no formal date by which the French competition authorities are required to complete their investigation. As of the date of these consolidated financial statements, the Group has not been accused of having violated the laws in question; however, the Group may receive a statement of objections ('notification de griefs') during 2015, which would be the next step in the procedure. If it is ultimately determined that the Group has violated applicable law, it may be subject to fines. As the Group has not been formally accused, it is unable to estimate the extent of any such fine. At this stage, the Group has not made a provision in its financial statements in relation to this matter. The Group's practice is to continue to comply with all laws and regulations applicable to its business, including antitrust laws, and it has systems and procedures in place to prevent violations. It is also its practice to cooperate with the relevant regulatory authorities.

In December 2010 the Hungarian Competition Authority, cf. investigated Fotex-Ofotért (F.O. Optikai és Fotocikk Kereskedelmi Kft.) and a number of other parties on suspicion of cartel activity in the Hungarian contact lens market. The Hungarian Competition Authority alleges that the companies were exchanging information disguised as market research undertaken by Kleffmann and Partner, during the period between 2003 and 2010. In November 2013 the Competition Authority shares its statement of objections. According to Fotex-Ofotért this statement of objections is unfounded, and the accused companies defended their position in court on 4 February 2014. The Hungarian Competition Authority requested some additional information which was provided on 14 February 2014. No provision has been recognized locally. At Group level a provision for €0.5 million has been recognized. On 19 June 2014 the defendants were fined. Fotex-Ofotért was fined approximately €161 thousand and this fine has already been paid. However, all the defendants have appealed this decision by the Hungarian Competition Authority.

32.2 Operating Lease Commitments

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

in thousands of EUR	31 December 2014	31 December 2013
Not later than 1 year	229,872	176,322
Later than 1 year and not later than 5 years	523,343	473,900
Later than 5 years	164,466	144,865
	917,681	795,087

The lease commitments relate mainly to the lease of stores and offices. For commitments related to associates please refer to note 18. The amount recognized in the Income Statement as rental expenses is €344,961 (2013: €329,895).

33 Auditor Fees

The general and administrative expenses include the fees and services provided by PricewaterhouseCoopers Accountants NV and its member firms.

in thousands of EUR	2014	2013
Audit fees	2,605	2,685
Audit-related fees	1,450	-
Tax advisory fees	92	94
Other non-audit fees	188	-
	4,335	2,779

The audit-related fees are expenses incurred in the process of the listing of GrandVision on the stock exchange.

34 Related Parties

34.1 Loans from Related Parties

At 31 December 2014 the Group no longer has a loan from HAL outstanding (2013: €325,000).

34.2 Other Transactions with Related Parties

On 30 September 2014 the Group acquired HAL Optical Turkey BV and its subsidiary as well as HAL Investment Asia BV and its subsidiaries from the parent company HAL Holding. The consideration paid is €88,164 and the transaction is based on arm's-length conditions.

During 2014 GrandVision acquired goods from Safilo (a subsidiary of HAL) to the amount of €63,094 (2013: €56,268). Trade receivables (note 20) include a receivable for marketing activities of €2,142 from Safilo (2013: €4,661) and a receivable from Intersafe Holding (a subsidiary of HAL) of €24 (2013: €0). Trade payables (note 29) include a liability to Safilo of €15,172 (2013: €8,199) and a payable to HAL Investments and HAL subsidiaries of €5,778 (2013: €2,085).

34.3 Loans to Related Parties

The Group has granted loans to members of the management as part of the long-term incentive plan. For more details refer to note 17.

Management of the Group and its subsidiaries:

in thousands of EUR	2014	2013
Balance at 1 January	15,302	15,142
Additions	2,900	3,012
Redemptions	- 2,176	- 3,566
Accrued interest	743	714
Balance at 31 December	16,769	15,302

The loans to key management have the following terms and conditions:

Name of key management	Amount of loan (in thousands of EUR)	Term	Interest rate, %
2014			
Th. A. Kiesselbach	913	June 2005 – unlimited	5.00%
Th. A. Kiesselbach	85	June 2010 – 6 years	4.00%
Th. A. Kiesselbach	159	June 2012 – unlimited	4.00%
P.J. de Castro Fernandes	1,494	June 2012 – unlimited	4.00%
2013			
Th. A. Kiesselbach	869	June 2005 – unlimited	5.00%
Th. A. Kiesselbach	96	June 2008 – 6 years	4.85%
Th. A. Kiesselbach	82	June 2010 – 6 years	4.00%
Th. A. Kiesselbach	152	June 2012 – unlimited	4.00%
P.J. de Castro Fernandes	1,436	June 2012 – unlimited	4.00%

All loans have been granted to senior managers of the Company as part of various long-term incentive plans. Upon sale of shares the managers will have to redeem their loans. The shares awarded under LTIP real share plan are pledged as security on the loans.

34.4 Remuneration

Key management includes the Management Board, which consists of the CEO and CFO. The remuneration for key management comprises a fixed and a variable part and includes salary, post-employment benefits and long-term incentive plan benefits.

in thousands of EUR	2014	2013
Th. A. Kiesselbach (CEO)		
Salary and other short-term benefits	686	655
Post-employment benefits	121	115
Other long-term benefits	-	59
Short-term variable remuneration	313	221
Long-term incentive plan benefits	1,151	2,178
	2,271	3,228
P.J. de Castro Fernandes (CFO)		
Salary and other short-term benefits	441	388
Post-employment benefits	70	65
Other long-term benefits	-	33
Short-term variable remuneration	191	105
Long-term incentive plan benefits	409	260
	1,111	851

Key management is entitled to an annual performance-related variable remuneration. The objective of the annual performance-related variable remuneration payment is to incentivize and reward strong short-term financial and personal performance and the implementation of strategic imperatives, and to facilitate rapid growth while continuing to focus on sustainable results. The Supervisory Board will define, on an annual basis, the performance ranges, the “on target” value and the maximum at which the payout will be capped.

The performance conditions are set by the Supervisory Board on an annual basis at or prior to the beginning of the relevant calendar year. These performance conditions include criteria reflecting GrandVision's financial performance and may also include quantitative or qualitative criteria related to the Company's non-financial performance and/or to individual performance.

An amount of €117 for the crisis levy for the amounts remunerated in 2013 has been paid in 2014. This charge is borne by the Company.

For the movements in the long-term incentive plan please refer to note 28.

34.5 Supervisory Board Remuneration

The remuneration paid or payable to the Supervisory Board is shown below:

in thousands of EUR	2014	2013
C.J. van der Graaf	58	58
J.A. Cole	47	47
M.F. Groot	-	-
P. Bolliger	48	48
W. Eelman	48	48
	201	201

All the remuneration paid or payable to the Supervisory Board comprises short-term benefits.

35 Segments

The Management Board forms the Group's chief operating decision-maker ('CODM'). Management has determined the operating segments based on the information reviewed by the CODM for the purposes of allocating resources and assessing performance.

The Group's business is organized and managed on a geographic basis and operates through three business segments: the G4, Other Europe and Latin America & Asia. All geographic segments are involved in the optical retail industry, and there are no other significant product lines or sources of revenue for the Company.

The most important measures assessed by the CODM and used to make decisions about resources to be allocated are total net revenue and adjusted EBITDA. Measures of assets and liabilities by segment are not reported to the CODM.

The accounting policies applied in the segment information are in line with those applied for GrandVision as described in the accounting policies.

The following table presents total net revenue and adjusted EBITDA for the operating segments for 2014 and 2013. The adjusted EBITDA is defined as EBTIDA excluding other reconciling items and exceptional non-recurring items. The non-recurring items in 2014 appertain to expenses relating to the anticipated listing, additional expenses for the long-term incentive plan as a result of falling within the scope of IFRS 2, and other small items. A reconciliation from adjusted EBITDA to earnings before taxes is presented within each table below. Other reconciling items represent corporate costs that are not allocated to a specific segment.

in thousands of EUR	G4	Other Europe	Latin America & Asia	Total
2014				
Total net revenue	1,820,412	731,751	264,831	2,816,994
Adjusted EBITDA	364,235	114,046	5,155	483,436
Other reconciling items				- 33,938
Total adjusted EBITDA				**449,498**
Non-recurring items				- 23,911
Depreciation				- 96,805
Amortization and impairments				- 40,173
Operating income/loss				**288,609**
Non-operating items:				
- Interest income/expense				- 34,366
Earnings before tax				**254,243**
2013				
Total net revenue	1,686,039	694,465	239,676	2,620,180
Adjusted EBITDA	325,680	92,170	5,594	423,444
Other reconciling items				- 22,990
Total adjusted EBITDA				**400,454**
Non-recurring items				-
Depreciation				- 92,392
Amortization and impairments				- 37,910
Operating income/loss				**270,152**
Non-operating items:				
- Interest income/expense				- 41,033
Earnings before tax				**229,119**

The breakdown of revenue from external customers by geographical area is shown as follows:

in thousands of EUR	2014	2013
France	565,008	547,903
Germany	402,645	364,382
UK	390,937	331,125
Other countries	1,458,404	1,376,770
	2,816,994	2,620,180

The breakdown of non-current assets by geographical area is shown as follows:

in thousands of EUR	31 December 2014	31 December 2013
The Netherlands	99,967	101,005
France	492,821	499,590
UK	236,636	192,250
Italy	206,475	59,170
Other countries	791,420	708,738
	1,827,319	1,560,753

The non current assets by geographical area is given based on the location of the assets. This disclosure is given for all the non current assets except financial instruments and deferred tax assets. The comparative figures have been changed to conform to the current year presentation.

Revenue in the Netherlands, the Group's country of domicile, is €237,830 (2013: €226,552). There are no customers that comprise 10% or more of revenue in any year presented.

36 Non-GAAP Measures

In the internal management reports, GrandVision measures its performance primarily based on EBITDA and adjusted EBITDA (refer to note 35). These are non-GAAP measures not calculated in accordance with IFRS.

The table below presents the relationship with IFRS measures, the operating result and GrandVision non-GAAP measures, i.e. EBITDA.

in thousands of EUR	2014	2013
Adjusted EBITDA	449,498	400,454
Non-recurring items	- 23,911	-
EBITDA	**425,587**	**400,454**
Depreciation & amortization software	- 108,380	- 103,228
EBITA	**317,207**	**297,226**
Amortization & impairments	- 28,598	- 27,074
Operating result	**288,609**	**270,152**

37 Principal Subsidiaries, Joint Ventures and Associates

Company	2014	2013	Country of incorporation
Pearle Österreich GmbH	100.00%	100.00%	Austria
Grand Opticiens Belgium N.V.	100.00%	100.00%	Belgium
VE Bulgaria EOOD	100.00%	100.00%	Bulgaria
Contysco Optics Limited	100.00%	100.00%	Cyprus
GrandVision Cyprus Ltd.	100.00%	100.00%	Cyprus
Nordman Investments Ltd.	100.00%	100.00%	Cyprus
Fotex Ceska Republika s.r.o.	100.00%	100.00%	Czech Republic
Synoptik A/S	63.29%	63.29%	Denmark
Synoptik Nuuk ApS	63.29%	63.29%	Denmark
Instrumentarium Optika OÚ	100.00%	100.00%	Estonia
Instru optiikka Oy	100.00%	100.00%	Finland
GrandVision France S.A.S.	100.00%	100.00%	France
GrandVision S.A.	100.00%	100.00%	France
Solaris Group Franchise S.A.S.	100.00%	100.00%	France
Solaris S.A.S.	100.00%	99.90%	France
Apollo-Optik Beteiligungs GmbH	100.00%	100.00%	Germany
Apollo Optik Holding GmbH & Co KG	100.00%	100.00%	Germany
Apollo Optik GmbH	100.00%	100.00%	Germany
Eyetitude GmbH	100.00%		Germany
Pearle Scandinavia GmbH	100.00%	100.00%	Germany
Robin Look GmbH	100.00%		Germany
GrandVision Hellas S.A.	100.00%	100.00%	Greece
F.O. Optikai és Fotocikk Kereskedelmi Kft.	100.00%	100.00%	Hungary
Unio-Optika Kft.	100.00%	100.00%	Hungary
Abbeyfield Vision Express Ireland Ltd.	100.00%	100.00%	Ireland

Company	2014	2013	Country of incorporation
Pearle Opticians Ireland Limited	100.00%	100.00%	Ireland
Vision Express Ireland Ltd.	100.00%	100.00%	Ireland
Angelo Randazzo S.r.l.	100.00%		Italy
Avanzi Holding Srl.	100.00%	98.67%	Italy
Corner Optique S.R.L.	100.00%		Italy
Brilmij Jersey Ltd.	100.00%	100.00%	Jersey (Channel Islands)
iWear Direct Limited	100.00%	100.00%	Jersey (Channel Islands)
LGL Ltd.	100.00%	100.00%	Jersey (Channel Islands)
GrandVision Luxembourg S.A.R.L.	100.00%	100.00%	Luxembourg
GrandOptical Monaco S.A.R.L.	98.00%	98.00%	Monaco
Solaris Monaco S.A.R.L.	100.00%	99.90%	Monaco
Brilleland AS	63.29%	63.29%	Norway
Interoptik AS	63.29%	63.29%	Norway
Synoptik Norge AS	63.29%	63.29%	Norway
Vision Express SP Sp.z.o.o.	100.00%	100.00%	Poland
GrandOptical Portugal S.A.	100.00%	100.00%	Portugal
GrandVision Portugal Unipessoal, Lda	100.00%	100.00%	Portugal
GrandVision Supply Chain (Portugal) S.A.	100.00%	100.00%	Portugal
Solaris Portugal S.A.	100.00%	99.90%	Portugal
GrandOptical Slovakia s.r.o	100.00%	100.00%	Slovakia
MasVision Franquiciador S.L.	99.90%	99.90%	Spain
Masvision Grupo Optico S.A.	100.00%	100.00%	Spain
Solaris Gafas de sol S.L.	100.00%	99.90%	Spain
Synoptik Sweden AB	63.29%	63.29%	Sweden
GrandVision Retail Management S.A.	98.00%	98.00%	Switzerland
Visilab S.A.*	30.19%	30.19%	Switzerland
Brilmij Groep B.V.	100.00%	100%	The Netherlands
Central Vision II B.V.	100.00%	100.00%	The Netherlands
GrandVision Argentina & Uruguay B.V.	100.00%	100.00%	The Netherlands
GrandVision Baltics B.V.	100.00%	100.00%	The Netherlands
GrandVision Benelux B.V.	100.00%	100.00%	The Netherlands
GrandVision Brazil B.V.	100.00%	100.00%	The Netherlands
GrandVision Central Europe B.V.	100.00%	100.00%	The Netherlands
GrandVision Chile B.V.	100.00%	100.00%	The Netherlands
GrandVision Colombia B.V.	100.00%	100.00%	The Netherlands
GrandVision Finance B.V.	100.00%	100.00%	The Netherlands
GrandVision Finland B.V.	100.00%	100.00%	The Netherlands
GrandVision Group Holding B.V.	100.00%	99.99%	The Netherlands
GrandVision India B.V.	100.00%	100.00%	The Netherlands
GrandVision IT Services B.V.	100.00%	100.00%	The Netherlands
GrandVision Italy B.V.	100.00%	100.00%	The Netherlands
GrandVision Latam B.V.	100.00%	100.00%	The Netherlands
GrandVision Mexico B.V.	100.00%	100.00%	The Netherlands
GrandVision Middle East & Asia B.V.	100.00%	100.00%	The Netherlands
GrandVision Northern Europe B.V.	100.00%	100.00%	The Netherlands
GrandVision Peru B.V.	100.00%	100.00%	The Netherlands
GrandVision Portugal B.V.	100.00%	100.00%	The Netherlands
GrandVision Retail Holding B.V.	100.00%	100.00%	The Netherlands
GrandVision Supply Chain B.V.	100.00%	100.00%	The Netherlands
GrandVision Turkey B.V.	100.00%		The Netherlands
HAL Investments Asia B.V.	100.00%		The Netherlands
Optical Retail Group B.V.	100.00%	100.00%	The Netherlands
Pearle Scandinavia B.V.	100.00%	100.00%	The Netherlands

Company	2014	2013	Country of incorporation
The Vision Factory B.V.	100.00%	100.00%	The Netherlands
Vision Express Middle East B.V.	100.00%	100.00%	The Netherlands
Abbeyfield Vision Express Ltd.	100.00%	100.00%	UK
Central Lab VE Ltd.	100.00%	100.00%	UK
UK EFS Ltd	100.00%	100.00%	UK
Vision Express (CLS) Ltd.	100.00%	100.00%	UK
Vision Express (UK) Ltd.	100.00%	100.00%	UK
Vision Express Group Ltd.	100.00%	100.00%	UK
Vision Express Joint Ventures Limited	100.00%	100.00%	UK
Vision Express Limited	100.00%	100.00%	UK
VS Optics Ltd.	100.00%	100.00%	UK
La Óptica SA	100.00%	100.00%	Argentina
MasVision Latinoamerica Argentina S.A.	100.00%	100.00%	Argentina
Fabrica de Oculos Ltda	100.00%	100.00%	Brazil
Fototica Ltda	100.00%	100.00%	Brazil
GrandVision Latam Servicos de Consultoria LTDA	100.00%	100.00%	Brazil
Superlente Comércio de Lentes e Óculos Ltda	100.00%	100.00%	Brazil
Chile Holding Optico S.A.	100.00%	100.00%	Chile
Opticas GrandVision Chile Ltda.	100.00%	100.00%	Chile
LAFAM S.A.S.	100.00%	100.00%	Colombia
Topsa Productos Opticos Colombia S.A.S.	62.00%		Colombia
Administradora Lux S.A. de C.V.	70.00%	70.00%	Mexico
Comercializadora Lux S.A. de C.V.	70.00%	70.00%	Mexico
Grupo Óptico Lux, S.A. de C.V.	70.00%	70.00%	Mexico
GVMV S.A. de C.V.	70.00%	70.00%	Mexico
GVSC S.A. de C.V.	70.00%	70.00%	Mexico
GVSG S.A. de C.V.	70.00%	70.00%	Mexico
ICOF S.A.	48.30%	48.30%	Mexico
Luxcientifico S.A. de C.V.	70.00%	70.00%	Mexico
Optica Lux S.A. de C.V.	70.00%	70.00%	Mexico
Precision Optica S.A. de C.V.	70.00%	70.00%	Mexico
Tide Ti, S.A. de C.V.	70.00%	70.00%	Mexico
Lentes y Tecnología del Perú S.A.C.	62.00%		Peru
Topsa Holding SA	62.00%		Peru
Topsa Productos Opticos S.A.	62.00%		Peru
Topsa Retail S.A.C.	62.00%		Peru
Alcazar S.R.L.	100.00%	100.00%	Uruguay
MasVision Latinoamerica Uruguay S.A.	100.00%	100.00%	Uruguay
GrandVision Optical Commercial (China) Co., Ltd.	100.00%		China
GrandVision Shanghai Co. Ltd	100.00%		China
Shanghai Red Star Optical Co. Ltd	78.00%		China
Reliance-Vision Express Private Ltd**	50.00%	50.00%	India
Reliance-GrandVision India Supply Private Ltd**	50.00%	50.00%	India
Lensmaster OOO	100.00%	100.00%	Russia
Atasun Optik Sanayi ve Ticaret Limited Şirketi	100.00%		Turkey

* associate
** joint venture

The indicated shareholding reflects the ownership of the shareholding by GrandVision BV directly or indirectly in the subsidiary, joint venture and associate.

Parent Company Financial Statements

Income Statement

in thousands of EUR	2014	Restated 2013
Result from subsidiaries after income tax	188,980	158,211
Other income and expenses after income tax	- 27,777	- 16,738
Result for the year	161,203	141,473

The accompanying notes are an integral part of these parent company financial statements.

Balance Sheet (Before Appropriation of Result)

in thousands of EUR	Notes	31 December 2014	Restated 31 December 2013
ASSETS			
Non-current assets			
Financial fixed assets	2	833,519	784,928
Deferred income tax receivables		8,192	4,125
Non-current receivables		1,933	-
		843,644	789,053
Current assets			
Trade and other receivables		12,743	17,016
Cash and cash equivalents		28	5,509
		12,771	22,525
Total assets		**856,415**	**811,578**
EQUITY AND LIABILITIES			
Equity			
Share capital	3	254	254
Share premium		48,106	14,346
Legal reserves	4	23,576	31,711
Retained earnings		389,751	313,902
Result for the year		161,203	141,473
		622,890	501,686
Provisions and deferred income tax liabilities			
Provisions non-current		10,451	13,917
Deferred income tax liabilities		14	1,407
Provisions - current		14,418	13,437
		24,883	28,761
Non-current liabilities			
Borrowings	6	185,263	88,035
Other non-current liabilities		1,588	502
		186,851	88,537
Current liabilities			
Borrowings	6	2,021	172,428
Other liabilities		19,770	20,166
		21,791	192,594
Total equity and liabilities		**856,415**	**811,578**

The accompanying notes are an integral part of these parent company financial statements.

Notes to the Parent Company Financial Statements

1 General Information

The company financial statements have been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code. For setting the principles for the recognition and measurement of assets and liabilities and determination of the result for its company financial statements, GrandVision makes use of the option provided in Article 362(8) of Book 2 of the Dutch Civil Code. This means that the principles for recognition and measurement of the company financial statements of GrandVision BV (on 5 February 2015 converted into NV) are the same as those applied for the consolidated IFRS financial statements. The subsidiaries are stated at net asset value.

For the accounting policies for the company balance sheet and income statement, reference is made to the notes to the consolidated balance sheet and income statement. As the financial data of the Company are included in the consolidated financial statements, the income statement in the company financial statements is presented in condensed form (in accordance with Article 402, Book 2 of the Dutch Civil Code).

All amounts are presented in euros (€). Amounts are shown in thousands of euros unless otherwise stated.

Until 31 December 2013 the Company reported under Dutch GAAP, and in accordance with Article 408, Book 2, Title 9 of the Dutch Civil Code, consolidated accounts were not prepared. The Company changed the basis of preparation as of 1 January 2014 in order to comply with sub 8 of Article 362, Book 2 of the Dutch Civil Code. This results in the following changes:

Under Dutch GAAP, the Company valued its investment in subsidiaries at cost, or in the case of a permanent decline in value, at the lower value. Under the new basis of preparation, the Company values its investment in subsidiaries at net asset value as described in the accounting policy. This change in the basis of preparation results in a decrease in the investment in subsidiaries of €476,838 as of 1 January 2014. (1 January 2013: €579,950). Share premium decreased by €994,914 as of 1 January 2014 (1 January 2013: €991,847) as under Dutch GAAP, the merger of GrandVision and Pearle in 2011 was accounted for under acquisition accounting and the acquisition price was followed.

Under Dutch GAAP, pensions were accounted for based on the liability method. The change to IAS 19 resulted in an increase in the pension provision of €502 as of 1 January 2014 (1 January 2013: €491), and the impact of Actuarial gains/(losses) in equity (net of tax) as of 1 January 2014 is €76 (1 January 2013: €479).

Under IFRS, the long-term incentive plan is recognized on the balance sheet as a liability. This results in an increased liability of €26,992 as of 1 January 2014, a €2,085 equity impact as a result of the issuance of new shares and, for €1,547, a related deferred tax asset (1 January 2013: €22,500 and €481 respectively).

The above effects result in an increase of €155,889 in the 2013 net result, while total equity decreased by €506,398 as of 1 January 2014 (1 January 2013: €631,704).

1.1 Accounting Policies

Financial fixed assets

Investments in consolidated subsidiaries are measured at net asset value. Net asset value is based on the measurement of assets (including goodwill), provisions, and liabilities and the determination of profit based on the principles applied in the consolidated financial statements.

2 Financial Fixed Assets

The movements in financial fixed assets are as follows:

in thousands of EUR	Investment in consolidated subsidiaries	Loans and receivables	Total
At 1 January 2014	739,201	45,727	784,928
Movements in 2014			
Additions	10,000	5,204	15,204
Dividends	- 51,110	-	- 51,110
Acquisition under common control	- 55,494	-	- 55,494
Repayment	-	- 34,161	- 34,161
Exchange differences	- 1,481	-	- 1,481
OCI	- 13,347	-	- 13,347
Net result for current year	188,980	-	188,980
At 31 December 2014	816,749	16,770	833,519

The additions in investment in consolidated subsidiaries relate to a capital contribution.

The Company's direct investments in subsidiaries consist of the following:

Company	2014	2013
GrandVision Group Holding BV, the Netherlands	100%	100%
Central Vision II BV, the Netherlands	100%	100%
Vision Express Polska SP Sp. z o.o., Poland	100%	100%
GrandVision France SAS, France	100%	100%
GrandVision Supply Chain BV, the Netherlands	0%	100%
GrandVision IT Services BV, the Netherlands	0%	100%
GrandVision Finance BV, the Netherlands	0%	100%
Nordman Investment Ltd, Cyprus	100%	100%
Vision Express UK Ltd, United Kingdom	0%	100%
LGL Ltd, United Kingdom	0%	100%

3 Shareholders' Equity

The shareholders' equity in the parent company financial statements equals the shareholders' equity presented in the consolidated financial statements, except that legal reserves and undistributed result are presented separately.

in thousands of EUR	Share capital	Share premium	Legal reserve	Retained earnings	Result for the year	Total
At 1 January 2014	**254**	**14,346**	**31,711**	**313,902**	**- 14,416**	**345,797**
Impact of change in accounting policy	-	-	-	155,889	-	155,889
Appropriation of the result	-	-	-	- 14,416	14,416	-
Result for 2014	-	-	-	-	161,203	161,203
Issue of share capital	-	3,000	-	- 3,000	-	-
Actuarial gains/ (losses)	-	-	-	- 437	-	- 437
Other direct equity movements	-	-	- 8,135	- 62,187	-	- 70,322
Long-term incentive plan	-	30,760	-	-	-	30,760
Total movements	-	33,760	- 8,135	75,849	175,619	277,093
At 31 December 2014	**254**	**48,106**	**23,576**	**389,751**	**161,203**	**622,890**

'Other direct equity movements' relates to the acquisition of HAL Optical Turkey and HAL Asia under common control and the other comprehensive income of the subsidiaries.

Please refer for the long-term incentive plan to note 28 to the consolidated financial statements.

4 Legal Reserve

The legal reserve cannot be used for dividend distribution and consists of:

in thousands of EUR	31 December 2014	31 December 2013
Reserves - subsidiaries	8,145	20,184
Loans to shareholders (LTIP)	16,769	13,176
Cumulative translation reserve	- 1,338	- 1,649
	23,576	31,711

5 Retained Earnings

On 10 March 2014 the General Meeting of Shareholders determined that the result for 2013 would be added in full to the retained earnings.

6 Borrowings

The non-current and current borrowings are specified as follows:

in thousands of EUR	Non-current	Current
At 1 January 2014	88,035	172,428
Repayments	- 86,389	- 170,407
Additions	183,617	-
At 31 December 2014	185,263	2,021

The repayment of the non-current borrowings is related to the repayments of the shareholders loans and the additions relate to loan from a subsidiary. Repayment of the current borrowings is related to reduction of the bank overdraft.

7 Provisions

The provisions (current and non-current) consist of the long-term incentive plan; reference is made to notes 27 and 28.

8 Employees

The average number of employees of the Company in full-time equivalents during 2014 was 8.4 (2013: 7.4). Of these employees, 0 were employed outside the Netherlands (2013: 0).

9 Contingencies

The Company is liable, as intended in Article 403, Book 2, of the Dutch Civil Code for:

List of subsidiaries	
Brilmij Groep B.V.	GrandVision Italy B.V.
Central Vision II B.V.	GrandVision Portugal B.V.
GrandVision N.V.	GrandVision Retail Holding B.V.
GrandVision Baltics B.V.	GrandVision Supply Chain B.V.
GrandVision Benelux B.V.	GrandVision Turkey B.V.
GrandVision Finance B.V.	HAL Investments Asia B.V.
GrandVision Group Holding B.V.	Optical Retail Group B.V.
GrandVision India B.V.	The Vision Factory B.V.
GrandVision IT Services B.V.	Vision Express Middle East B.V.

The Company forms an income tax group with GrandVision Group Holding BV, Central Vision II BV, GrandVision IT Services BV, GrandVision Supply Chain BV, GrandVision Finance BV, GrandVision Turkey BV, HAL Investments Asia BV, Pearle Opticians Ireland Ltd, GrandVision Retail Holding BV, GrandVision Latam BV, GrandVision Brazil BV, GrandVision Chile BV, GrandVision Argentina & Uruguay BV, GrandVision Colombia BV, GrandVision Peru BV, GrandVision Mexico BV, GrandVision Middle East & Asia BV, GrandVision India BV, Vision Express Middle East BV, GrandVision Italy BV, GrandVision Portugal BV, GrandVision Finland BV, GrandVision Central Europe BV, GrandVision

Northern Europe BV, Pearle Scandinavia BV, GrandVision Benelux BV, The Vision Factory BV, Brilmij Groep BV, Optical Retail Group BV, Optical Service Group BV, and Hinke Optiek BV, HAL Investments Nederland BV and several HAL group entities. Under the standard conditions, the members of the tax group are liable for any taxes payable by the income tax group.

In January 2015 the Company filed a request for the Dutch GrandVision entities to leave the fiscal unity with HAL Investments Nederland BV as of 31 January 2015. Subsequently, the Company filed a request to (re-)establish a single Dutch fiscal unity comprising all Dutch GrandVision entities (except for GV Baltics BV).

For bank guarantee facilities refer to note 24 of the consolidated financial statements.

Schiphol, 17 March 2015

Management Board
Th. A. Kiesselbach, CEO
P.J. de Castro Fernandes, CFO

Supervisory Board
C.J. van der Graaf (Chairman)
M.F. Groot (Vice-Chairman)
P. Bolliger
J.A. Cole
W. Eelman

Other Information

The appropriation of results
As per 31 December 2014, article 24 of the Company's articles of association states that the holders of priority shares may determine that a specific part of the profit is to be be added to the reserves. The remaining profit is at the disposal of the General Meeting of Shareholders. The listing in 2015 changes the above, refer to subsequent events for more details.

Appropriation of results for the year
Management proposes not to declare a dividend on the result for 2014. The result for 2014 will be added to the retained earnings. This proposal has not been included in the financial reporting above.

Subsequent Events

On 20 January 2015 GrandVision BV issued 241,721,553 ordinary shares and on 5 February 2015 the priority share was converted into 100 ordinary shares. As a result the issued share capital currently amounts to 254,443,840 ordinary shares.

On 5 February 2015 GrandVision BV was converted into GrandVision N.V. Up to that time GrandVision BV remained in existence.

On 6 February 2015, GrandVision N.V. listed its shares via an Initial Public Offering ("IPO") on Euronext Amsterdam and since that day, the shares are trading under the symbol "GVNV".

At settlement of the IPO, on 10 February 2015, the Company drew an additional amount under the revolving credit facility, sufficient to finance the purchase of 2,500,000 offer shares from the selling shareholder at the offer price for a total amount of €50 million in order to hedge the price risk of the grants made under long-term incentive plans.

As per publication date of the 2014 annual report of GrandVision, 20.95% of the issued and outstanding share capital was held by institutional and retail investors with the rest held by HAL Optical Investments B.V. (76.72%), GrandVision's Management Board and certain members of senior management (1.35%). The remaining shares (0.98%) are held by GrandVision in treasury.

The stock exchange listing is considered a logical next step in GrandVision's development, given its current profile and level of maturity. The listing increases the Group's business profile with customers, business partners and investors. It further supports the success of its international expansion, particularly in emerging markets, and further improves its ability to attract highly talented individuals. The listing also provides additional financial flexibility and diversity through access to capital markets.